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LEGISLATIVE HISTORY

Public Law 23--77th Congress

Chapter 30--1st Session

H. P. 4050

TABLE OF CONTENTS

Summary of Public law 23	1
Index and Summary of History on H. P. 4050	1

556367

SUMMARY OF PUBLIC LAW 23

LEND-LEASE APPROPRIATIONS. Appropriates \$7,000,000,000 to carry out Public Law 11, 77th Cong. (Lend-Lease Act), \$1,350,000,000 of which is to be available for agricultural, industrial, and other commodities and articles.

INDEX AND SUMMARY OF HISTORY OF H. R. 4050

March 13, 1941	Hearings: House, H. R. 4050
March 18, 1941	House Committee on Appropriations reported H. R. 4050 and H. Rept. 276. Print of the bill as reported. House debated H. R. 4050.
March 19, 1941	House debate concluded. Passed the House as reported. Referred to the Senate Committee on Appropriations. Print of the bill as reported.
March 20, 1941	Hearings: Senate, H. R. 4050.
March 22, 1941	Senate Committee on Appropriations reported H. R. 4050 without amendment. Senate Report 135. Print of the bill as reported.
March 24, 1941	Debated and passed Senate as reported.
March 27, 1941	Approved. Public Law 23.

Amendments:

77th Congress	Public Laws: 282, 422, and 474.
78th Congress	Public Laws 9, 70, 132, 304, and 382.
79th Congress	Public Laws 31,

HA 4050
PL 23 3/27/41

DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

HEARINGS BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

ON THE

DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

MAKING APPROPRIATIONS TO CARRY OUT AN ACT
TO PROMOTE THE DEFENSE OF THE UNITED
STATES (H. R. 1776—PUBLIC LAW NO. 11),
APPROVED MARCH 11, 1941

Printed for the use of the Committee on Appropriations



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GOVERNMENT PRINTING OFFICE
WASHINGTON : 1941

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Also participating: Messrs. SCRUGHAM and POWERS

DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

HEARINGS CONDUCTED BY THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF DEFICIENCY APPROPRIATIONS, MESSRS. EDWARD T. TAYLOR (CHAIRMAN), CLIFTON A. WOODRUM, CLARENCE CANNON, LOUIS LUDLOW, J. BUELL SNYDER, EMMET O'NEAL, GEORGE W. JOHNSON, LOUIS C. RABAUT, JOHN TABER, RICHARD B. WIGGLESWORTH, WILLIAM P. LAMBERTSON, AND J. WILLIAM DITTER; ALSO PARTICIPATING, MESSRS. SCRUGHAM AND POWERS; ON THE DAYS FOLLOWING, NAMELY:

THURSDAY, MARCH 13, 1941.

STATEMENTS OF HON. CORDELL HULL, SECRETARY OF STATE; HON. HENRY L. STIMSON, SECRETARY OF WAR; HON. FRANK KNOX, SECRETARY OF THE NAVY; GEN. GEORGE C. MARSHALL, CHIEF OF STAFF, UNITED STATES ARMY; REAR ADMIRAL R. E. INGERSOLL, ASSISTANT CHIEF OF NAVAL OPERATIONS; AND HAROLD D. SMITH, DIRECTOR OF THE BUDGET

BUDGET ESTIMATE

Mr. WOODRUM. This is a hearing before the Deficiency Subcommittee on House Document 139 an estimate, in the amount of \$7,000,000,000, to carry out provisions of an act to promote the defense of the United States, approved March 11, 1941, as follows:

THE WHITE HOUSE,
Washington, March 12, 1941.

Hon. SAM RAYBURN,
Speaker, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: This Nation has felt that it was imperative to the security of America that we encourage the democracies' heroic resistance to aggressions, by not only maintaining but also increasing the flow of material assistance from this country. Therefore, the Congress has enacted and I have signed H. R. 1776.

Through this legislation our country has determined to do its full part in creating an adequate arsenal of democracy. This great arsenal will be here in this country. It will be a bulwark of our own defense. It will be the source of the tools of defense for all democracies who are fighting to preserve themselves against aggression.

While the defense equipment produced under H. R. 1776 remains under the control of the United States until it is ready for disposition, it is the fixed policy of this Government to make for democracies every gun, plane, and munition of war that we possibly can.

To accomplish these objectives I am transmitting an estimate in the amount of \$7,000,000,000, the details of which are set forth in the accompanying letter from the Director of the Bureau of the Budget. I strongly urge the immediate enactment of this appropriation.

Respectfully,

FRANKLIN D. ROOSEVELT.

SPECIAL DEFENSE FUND

To enable the President, through such departments or agencies of the Government as he may designate, to carry out the provisions of the act entitled "An act to promote the defense of the United States," approved March 11, 1941, and for each and every purpose incident to or necessary therefor there is hereby appropriated out of any money in the Treasury not otherwise appropriated:

- (a) For the procurement, by manufacture or otherwise, of defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, as follows:
- | | |
|--|--------------------|
| Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof..... | \$1, 343, 000, 000 |
| Aircraft and aeronautical material, including engines, spare parts, and accessories..... | 2, 054, 000, 000 |
| Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories..... | 362, 000, 000 |
| Vessels, ships, boats, and other watercraft, and equipage, supplies, materials, spare parts, and accessories..... | 629, 000, 000 |
| Miscellaneous military equipment, supplies, and materials..... | 260, 000, 000 |
| Facilities and equipment for the manufacture or production of defense articles, including the construction, acquisition, maintenance and operation thereof, and the acquisition of land..... | 752, 600, 000 |
| Agricultural, industrial, and other commodities and articles..... | 1, 350, 000, 000 |
- (b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States..... 200, 000, 000
- Provided*, That not to exceed 20 percent of any of the foregoing appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased more than 30 percent thereby: *And provided further*, That any defense articles procured under the foregoing appropriations may be allocated by the President to any department or agency of this Government for the use of such department or agency.
- (c) For necessary services and expenses for carrying out the purposes of said act not specified or included in the foregoing..... 40, 000, 000
- (d) For administrative expenses..... 10, 000, 000

In all, \$7,000,000,000, to remain available until June 30, 1943: *Provided*, That the President may transfer from the foregoing appropriations to appropriate current appropriations of any department or agency amounts equivalent to the value of defense articles disposed of by such department or agency to the government of any country whose defense the President deems vital to the defense of the United States, not exceeding in total \$1,300,000,000.

STATEMENT OF HON. CORDELL HULL, SECRETARY OF STATE

Mr. Secretary Hull, the committee is very happy to have you here today, sir, and we will be very glad to have you make such statement as you feel appropriate to be made upon this occasion.

GENERAL STATEMENT

Secretary HULL. Mr. Chairman and members of the committee: It always gives me satisfaction and stimulation to revisit these scenes

of so many years of association and of what I thought were very important activities on my part.

When I appeared before the Committee on Foreign Affairs on January 15 last, I said that the proposed lend-lease bill was designed to promote the defense of the United States. I also stated in substance that that measure would set up machinery which would enable us to make the most effective use of our resources for our own needs and for the needs of those nations whom, in our own self-defense, we are determined to aid; that the measure would make it possible for us to allocate our resources in ways best calculated to provide for the security of this Nation and of this continent in the complex and many-sided conditions of danger with which we are and are likely to be confronted; that above all, it would enable us to do all these things in the speediest possible manner; and that, overwhelmingly, speed is our greatest need today.

During the 2 months that have elapsed, other areas have been added to those overrun by the brutal forces of conquest and destruction. Several more are on the list for immediate seizure and subjugation. Upon the seas the menace of death and disaster has grown. This country by now should have no longer any illusions as to the nature or magnitude of the dangers which confront us.

The United States has desired and has overwhelmingly approved a foreign policy based on the safety, integrity, and the free institutions of the country. It has no association with European political disputes. But it has recognized and must recognize that a force has arisen transcending the disputes which were formerly the subject of European wars. It has seen a combination of forces come into being which, step by step, has challenged the right of every nation, including our own, to exist save at the dictation of alien masters. In every case, the nation whose turn had not come up was told that there was no danger; that it needed to do nothing but sit still and all would be well. And, with deadly certainty, the governments which have swallowed this bait have been, in their turn, destroyed. Only those which devoted every ounce of their energy toward immediate defense, and which were ready to cooperate with others, have escaped destruction.

But these other nations which endeavored to avoid danger by inaction had an excuse which we do not have. They could at least indulge the hope that the conqueror might respect their lawful integrity. They perhaps were entitled to hope that the rules of international law might somehow save them. They perhaps could plead surprise. We can do none of these things.

Our immediate business is to see to it that the would-be conquerors of the world shall not be in a position in which they can command the seas, attack any country in this hemisphere and, when they are able, attempt to deal with us as they have been dealing with Europe and with Asia.

In the clear light of the repeatedly avowed purposes of conquest without limit and of the striking harmony of their acts and their words on the part of the rulers of the lawless nations, the fact is well-nigh inescapable that, if they succeed in securing control of the high seas along with that of the other continents, they will without material delay move to secure domination of some of the rich undeveloped foodstuffs, raw materials, and other natural resources of this Western Hemisphere, in those parts least prepared for self-defense. I must, in

all conscience, say to the American people that in my judgment this hemisphere and this Nation are in serious danger and that every possible step for national defense must be taken with the utmost rapidity.

In the presence of such dangers, our safety and security lie in creating for ourselves impregnable means of defense and in utilizing these means whenever and wherever they may be most effective.

The country has overwhelmingly accepted the view that the rendering of the greatest practicable material aid to those nations which are actively resisting the forces of conquest is an essential part of our own defense effort. Through the enactment of H. R. 1776, this has become a settled and decided policy of the Nation. The measure now under consideration by your committee is the next and indispensable step in the carrying out of that policy. It appropriates funds necessary to furnish in adequate amounts and with adequate speed planes, ships, guns, and food for the nations which now heroically endeavor to stop the movement of conquest.

There is no need now for me to discuss in detail the necessity for this entire course in the defense of our own security and vital interests. All the reasons have been advanced and tested in the full freedom of debate. We are united upon it, we have set our hands to the plow—the people, the Congress, and the Executive.

The war which is being fought in Europe and in Africa together with the hostilities and the moves of conquest which are going on in Asia have become, under the Tripartite Agreement, closely interrelated. In the light of this situation, we are sending materials to several countries, in various parts of the world, whose defense is essential to our defense. The effort which we make will have to be on a large scale, because the needs which it is intended to meet are and will be large needs. Some of these countries cannot manufacture for themselves the complicated machinery and the great variety of munitions for which they now have urgent need. This country is fortunate in being able to produce vast quantities of most of the things that are called for. This country will have to produce them—we will produce them.

I advocated the passage of the lend-lease bill and I now urge prompt action on this appropriation as essential for the execution of sound foreign policy for the United States. The object of that policy is to assure the safety, the independence, and the interests of the United States against all threats. That cannot be successfully done unless we ourselves are strong and are in a position to share our strength with other nations which are helping to defend our interests.

If we have to find protection through our foreign policy, we must be strong. Today, as ever, the essential basis of the strength of a nation is the spirit and courage of its people. But no matter how great the spirit and courage, it cannot sustain itself without adequate arms. The production of adequate arms requires the coordination of finance, industry, labor, sacrifice, and brains of the whole people. Our unity and our purpose must express themselves in the continuous and combined industry of all of those who play a part in production.

Our safety and the success of the course upon which we have set ourselves demand the courage and the wisdom to go full out in furnishing adequate material aid to the nations whose defense is necessary to our defense. When we do this, we take the most effective step

possible in the circumstances to keep war away from our hemisphere, from our own Nation. Doing this, we act in defense of our homes, our institutions, our liberties, our way of life.

In this task, half measures will not suffice. There is much to be done and the task is urgent. We must strive with all our will, all our power, and all our resources. To be content with less would be to invite disaster. No people in history have had such opportunity to learn from the tragic example of others. We cannot stint and we must not falter.

Mr. WOODRUM. Mr. Secretary, the committee appreciates your statement and, in executive session, before you gentlemen came in, we decided, if agreeable to you, we would first like to have a statement from you, Secretary Stimson and Secretary Knox and then perhaps the committee would like to ask you some questions.

Now, Mr. Secretary Stimson, the committee will be very glad to hear from you.

STATEMENT OF HON. HENRY L. STIMSON, SECRETARY OF WAR

GENERAL STATEMENT

Secretary STIMSON. Thank you, Mr. Chairman. The Secretary of State has admirably summarized the broad reasons for the bill and, as I reflected over your request, I thought probably I could be most helpful if I gave, as tersely as possible, the nature of this bill as it relates to the War Department and the reasons for the necessity of the broad and flexible items of appropriation which the estimates have set forth.

Of course, this set of estimates is vitally different from the ordinary requests for appropriations for our Army in time of peace. These are for an estimated amount necessary to enable a number of other nations, whose defense the President deems to be vital to our defense, to make a successful defense in a war which is now actually going on. Thus, we are making estimates for the appropriations necessary for the defense of a number of nations.

First, these nations are already engaged in a gigantic war. This war covers an area of many portions of the world, from Great Britain to the Far East, containing many very different terrains, such as northeast Africa and Malay Asia, in addition to Europe. The character of the weapons vitally necessary for success in such a war are constantly changing and developing and, finally, the time necessary for the construction of such modern weapons is very long—from 1 to 2 years.

In the next place, these nations are fighting a very powerful enemy which has great power of secrecy itself, with the constant power of surprise attack. And this same country which has been able to maintain such complete secrecy over its own actions, has shown an intense and meticulous effort to spy out the resources and powers of its enemies.

Finally, the British Isles which are now the pivot of the defense on which our own defense is based, are at a special disadvantage. They are a small terrain, surrounded by a huge semicircle of attack. They are, therefore, under constant reconnaissance. Germany has an unusual power to learn Britain's defense and for the element of

the morale of Great Britain, which is one of the most vital elements which have entered into her defense thus far, it is important that such elements of secrecy as she has been able to maintain under these most adverse conditions should not be broken, if possible, while she is undergoing that attack.

These preliminary points which I have shown by this analysis show the reasons why an appropriation bill, and the estimates for that bill, must necessarily have as much flexibility in the breadth of the items and the contents of the bill and as much freedom from publicity as is compatible with free government. That, however, of course does not mean that this bill has abandoned all safeguards in favor of purely uncontrolled Executive action. The bill itself contains very great changes over the situation which has existed hitherto and these are in the direction of the interests of American defense. When you contrast the situation which has existed, you can see the advantages of these changes.

Hitherto, all efforts by the various democracies which were seeking weapons in our market were separate, were competitive, and were entirely in their own hands, the supervision which we could exercise being very slight. That was disruptive to our own defense and that placed in the hands of others the power of interference with our own facilities for manufacture.

This bill places in the hands of the representatives of this Government the decision as to what, if any, weapons are to be transferred and the amount of such transfers. And, what is more, it postpones the transfer, leaving the entire matter in our hands of the decision of which shall go to which place until the weapons are completed and the knowledge is in our hands as to where they will do the most good. And, furthermore, the bill requires, as of course you gentlemen know, periodic reports to the Congress of what has been done during each 90 days of its operation.

But the essence of the new situation is that the bill has placed in the hands of representatives of the United States, responsibly devoted to the defense of the United States alone, the entire decision upon all of the activities in the making of munitions which take place in this country, and that is an enormous change for the benefit of the United States in the situation which we now are facing.

Now I want to enumerate the efforts which we have made to supervise and systematize these efforts, in this situation which is so novel and so extraordinary. It has not been a haphazard effort at all. We have endeavored to exercise all of the care, so far as the War Department is concerned, which we do over the ordinary estimates which we lay before you gentlemen every year.

In the first place, the British submitted a confidential list some months ago of their requirements. That list was placed in the hands of our supply officers who held long conferences with the British as to that list. During those conferences the supply officers of the Department matched the estimated unit costs of the British requirements as against the unit costs with which we were familiar as to our own weapons. Then they determined the amount which, according to their best judgment, it was advantageous to produce and finance at this time.

In this task which I have thus described, each of the supply arms and services of the War Department worked over the British data—

and their work was coordinated through the office of the Under-secretary of the War Department and the Chief of Staff of the War Department in the same way which is done regularly with our regular estimates. And after that came the review of the Budget in the ordinary way.

In summation of this, I wish to make it clear that the British requirements as now presented have gone through the normal course of War Department procedure in respect to appropriations which we now ask for and present.

Now, as to some further characteristics which come up: Of the War Department items, practically all or 95 percent are those which can be used for our own Army purposes and which would be vitally useful in case Britain should fall. Only 5 percent represent purely British types of weapons, including the facilities to be erected for such weapons, as distinguished from our American types and their facilities. And even in the case of this last 5 percent, the plant facilities necessary for construction, that is, the tools and the plants for these purely British items, could be used by us on very short notice.

In other words, as you are doubtless familiar, I might give as an example that the British use the .303 caliber rifle. The facilities for the construction of that rifle which they are using in this country today, under their contracts for its creation, could be transferred so as to manufacture the .30 caliber rifle which we use, I am informed, in about 2 months. And, in the same way, the facilities for the ammunition could be transformed. And that is true largely of other British items.

Then, finally, there is this thing to be remembered. There have been great benefits accruing to this country in the cooperation which this bill and the formulation of these items have involved. There has been a standardization of weapons to a very large extent between the two countries, and such a standardization would be vitally important if, in the exigencies and contingencies of the future, this war should spread to this hemisphere while the British were engaged in fighting in other parts of the world.

In the second place, vital improvements have been secured for our own weapons in this free exchange of information which has passed between the two countries. Most of those improvements are such that it would not be in the national interest to make them public, but I think it is already known, for instance, that one of the examples has been that we are now using in our planes and tanks a revolving turret which is of the utmost importance, and which came to us from Great Britain.

To sum up the estimates with relation to this bill, I can put it in a very few words. The Army has already made a large contribution from its stores to the British defense when, last June, it largely re-equipped the British Expeditionary Forces after the defeat at Dunkirk. It can contribute further a number of vital articles and munitions during the year 1941. But the majority of the items of appropriation requested in this bill are for the equipment of the forces of Great Britain in 1942.

With wonderful courage in this hour of crisis and suffering, she is planning to continue the fight until she has not only saved the British Isles but has rescued Europe from the subjugation which it is now

under, put an end to the rule of force, and restore free government among the nations.

The defense of South America, if we were alone, would be a far more difficult and expensive task than to render this aid to Great Britain now. In such an event, practically every item contemplated here would be vitally useful to us.

That, Mr. Chairman, in a few words, or as briefly as I could make it, represents my view of the scope of the bill from the standpoint of the Army.

Mr. WOODRUM. Thank you, Mr. Secretary. We will now hear Secretary Knox, of the Navy Department.

STATEMENT OF HON. FRANK KNOX, SECRETARY OF THE NAVY

GENERAL STATEMENT

Secretary KNOX. Mr. Chairman, you have listened to such excellent statements touching the general features of this situation, particularly the statement of the Secretary of War as to some of the details, that I will not burden you with anything save a very brief statement.

The estimates for naval material which are incorporated in the various subdivisions of this bill were made by our regular naval officials after consultation with representatives of the British as to their requirements. These conversations created a picture in the minds of our naval representatives of the most urgent needs of the British Admiralty for defense articles. On this basis we then prepared estimates of the cost of procuring these needs. In addition, we also prepared estimates of the cost of facilities necessary to produce them, the administrative cost of procurement, and a necessarily very rough estimate of the cost of testing, repairing, and so forth. The figures so prepared were presented to the Director of the Budget.

It should be remembered that, in appraising the needs, it was necessary to take into consideration the possibility that particular items of ordnance or airplanes, for example, might have to be produced to designs quite different from those at present in use, to keep pace with the developments of the war. This factor was, of course, taken into consideration in preparing the estimates. Likewise, it might happen during the progress of the war that more articles in a certain category and less in another would be required. In order to meet this difficulty, the bill before the committee permits limited transfer between categories.

The articles to be procured are suitable for transfer to a foreign country and, with minor exceptions, are also suitable for our own use should circumstances, when they are completed, dictate that they should be retained.

That concludes my statement, Mr. Chairman.

Mr. WOODRUM. Thank you, Mr. Secretary. We will now hear Mr. Smith, the Director of the Budget. Mr. Smith, we will be glad to have your general statement, and then the members of the committee may want to ask you some questions.

STATEMENT OF HAROLD D. SMITH, DIRECTOR OF THE BUREAU OF THE BUDGET

PROCEDURE IN PREPARATION OF THE ESTIMATES

Mr. SMITH. Mr. Chairman, in developing this estimate, the Bureau of the Budget was confronted with a special situation. The needs to be met by this estimate are not those of Federal departments and agencies operating in the regular framework. Normally, a department or agency would present its requests and justify them in considerable detail. But this estimate deals with the needs of other countries whose defense is vital to our own. Obviously, it could not conform to the traditional pattern of budgetary procedure.

We started with a general outline of the requirements of the British Government. These requirements were segregated and distributed to appropriate Federal departments and agencies for study and processing. The main problem was to relate them to plans for the production of our own defense articles. For example, where the requirements concerned the Departments of War and Navy they were analyzed by those Departments with the aid of the Office of Production Management. Where raw materials were involved, it was ascertained through the Office of Production Management whether or not these raw materials were available for disposition to other countries. We also discussed with that Office the requirements for machine tools, steel, and iron. The requirements for food and other agricultural products were discussed with the Secretary of Agriculture. The amounts set forth in the estimate represent the considered judgment of the various agencies and of the Bureau of the Budget. In short, we have a program that is closely related to our own needs and effectively responsive to the needs of the other democracies.

FORM OF THE ESTIMATE

In setting these estimates into a framework of appropriation language we have not been able to use the traditional form. We are providing defense articles for countries at war, and a considerable degree of flexibility is necessary. New emergencies arise, conditions of warfare change, and a weapon that is in use today may be obsolete tomorrow. In this estimate we are attempting to forecast the needs of other nations for their war efforts in the months to come. We have endeavored, therefore, not only to identify as clearly as possible the broad categories of aid to be furnished, but to provide at the same time a reasonable degree of flexibility in meeting the need for such aid.

Flexibility in the administration of an appropriation of this character is also a primary necessity. It was believed that maximum flexibility in administration could be attained by making the appropriation to the President for allocation to the several departments and agencies. For obvious reasons it would be difficult if not impracticable to catalog the separate requirements of the individual agencies with respect to a program of this nature, or determine in advance which agency at a given time might be best equipped to handle a particular item. In the form adopted the agency best fitted to do a particular job can be given the money with which to do it, and effective over-all direction of the program will be facilitated.

In item (a) funds have been requested to carry out the purpose of section 3 (a) (1) of the bill, which provides for the manufacture and procurement of defense articles, including facilities for production and manufacture. These funds have been classified according to major categories of expenditure, and the classifications used will facilitate procurement and accounting in the departments. From a budgetary point of view, adequate control is achieved without unduly restricting freedom of operation.

In item (b) provision is made for the testing, repairing, and reconditioning of defense articles as contemplated by section 3 (a) (3) of the act.

With respect to the articles provided for in items (a) and (b) it is realized that any estimate of future need is subject to almost constant change. Under categories as specific as those set forth in the above items, the determination of requirements can only be approximate. An emergent situation might develop with respect to any one of these categories. We have, therefore, provided for interchangeability between the various items included in (a) and (b) by adding a proviso for that purpose.

With this proviso, it would be possible either to take an amount from a single appropriation item under which the need might not be so great as originally estimated, or to take smaller amounts from several appropriation items. In no case can a single appropriation be reduced by more than 20 percent, nor can any single appropriation be increased by more than 30 percent. It is believed that the percentages suggested will provide sufficient flexibility to meet any emergencies. Should any further shifting between categories be necessary, we can come back to the committee for necessary adjustments.

A question was raised as to the right of this Government to use articles procured under the authority of section 3 (a) (1) of the act. To remove any doubt on this point, a further proviso has been added under which the President would be clearly authorized to allocate any such articles to the appropriate department or agency of this Government.

In items (c) and (d) provision is made for administrative expenses and for any other necessary services and expenses not previously specified. Item (c) is also available for unforeseen contingencies and to carry out other provisions of the act to which items (a) and (b) do not apply.

Instead of providing under each category for the necessary administrative expenses incident thereto, it was believed that these expenses could be better controlled if there were a definite limitation as to the total amount and the several departments and agencies were required to justify their requests to the Bureau of the Budget.

In the final paragraph, there is a proviso authorizing reimbursement to agencies and departments which dispose of defense articles under section 3 (a) (2) of the act. This proviso will permit immediate replacement of defense articles which were originally procured for our own Government but subsequently transferred to another government. For example, it would permit the President to transfer to the Army's current ordnance appropriation an amount equal to the value of Army ordnance matériel which might be disposed of to a foreign government. In this way we shall not only have a clearer

picture of the cost of this program, but the program of ordnance procurement for our own Army can be kept intact. Of course this might be done by making subsequent appropriations, but that would mean either changing our procurement schedules because of the intervening time until a new appropriation was made, or the continuous submission of piecemeal requests for appropriations for necessary replacements. The reimbursable feature is not limited to appropriations heretofore made, but will be also available for reimbursement, if necessary, of regular appropriations subsequently authorized to be used for the purposes of this act.

We have in mind that requests for allocation of funds from these appropriations will be made by the departments and agencies to the President through the Bureau of the Budget. The Bureau will process these requests and prepare them for review and approval by the President. After his approval, the appropriate departments and agencies will undertake to procure the defense articles through their regular channels.

This whole process of review and approval of allocation of funds will, of course, operate within a broad framework of policy determined upon by the President. We plan to keep a careful record of the allocations for procurement and for reimbursement. This information will, of course, be available to this committee. In brief, it is felt that the enactment of the appropriation in this form will permit the most effective utilization of the departments and agencies in carrying out this program, and will retain in the President the necessary fiscal control.

Mr. WOODRUM. Thank you, Mr. Smith. You will please remain, because the members of the committee may wish to ask you some questions.

QUESTIONS PROPOUNDED BY MEMBERS OF THE SUBCOMMITTEE TO SECRETARY HULL, SECRETARY STIMSON, AND SECRETARY KNOX

At this time, I will request the members of the subcommittee, in their order, to ask such questions as they may desire of Secretary Hull, Secretary Stimson, and Secretary Knox. Unless there is some other suggestion, we will proceed in that order.

COUNTRIES TO BE AIDED

Mr. CANNON. Mr. Secretary, you referred to "other countries" it was proposed to assist. What are those other countries?

Secretary HULL. If you will keep in mind that, according to all appearances, the world is faced with a movement of invasion and conquest through force without limit as to area, and our assistance would contemplate any country that is carrying forward a movement of resistance against the three invading forces, which, under the tripartite agreement, are rather closely interrelated countries. Our assistance would be to countries whose defense would be essential to ours, as was stated here. You will find that that will be determined by day-to-day developments. This situation is moving so rapidly that nobody knows from one week to another or from one day to another what nations may be swallowed up or what nations

may resist. It would be any country that would thus get into that picture.

Mr. CANNON. Would it include Asiatic countries?

Secretary HULL. We have been dealing with a world-wide situation. We have been cooperating with China to quite a little extent, that country coming within that same category.

REALLOCATION OF DEFENSE ARTICLES BY ONE AIDED COUNTRY TO ANOTHER

Mr. LUDLOW. Mr. Secretary, is it your construction of the lend-lease bill that we can furnish materials to Britain to be re-allocated by Britain to the other democracies, or must our furnishing of materials to those other democracies be direct?

Secretary HULL. These gentlemen would tell you perhaps more accurately on the technical side; but I think you will find that this means that any of those things would be done by consent of each country concerned—ours, Britain, Greece, or whatever the other country may be. It might be much more convenient, for example, for some express agreement to be entered into which would facilitate transportation. Sometimes we are in a very difficult position with regard to transportation, whereas Great Britain might not be. Such considerations might arise.

Mr. LUDLOW. I take it that the disposal of this vast store of material would be on a program that would be sanctioned by Britain throughout.

Secretary HULL. We would keep our hands on this thing when it comes to going to third countries until we were satisfied, and each country, by mutual agreement, worked out.

Mr. WOODRUM. Mr. Secretary, under section 4 of the act it is specifically provided that if any of these materials are given to any country they cannot be transferred to anyone else without the specific consent of America.

Secretary HULL. As I say, we will keep our hands on it. You understand that I followed my friend Ludlow when I was in Congress, and we still agree on most things, though not quite all. So I made it clear when I came over here that I would endeavor to supply any information possible with respect to the foreign-relations side, the diplomatic side, of the conditions under which this state of danger developed. The technical side, the production and distribution side, I would leave to these other Departments.

Mr. WOODRUM. Thank you, Mr. Secretary.

LIST OF BRITISH REQUIREMENTS

Mr. LUDLOW. Mr. Chairman, I have one or two questions that I would like to ask of Secretary Stimson.

Mr. Secretary, you stated that the British furnished a list of British requirements, which was considered by your Department. As of what date was that list furnished?

Secretary STIMSON. About a month ago, as I recall it, sir.

Mr. LUDLOW. Is that list presumably the list of British requirements at this time?

Secretary STIMSON. I understand it was altered.

Mr. LUDLOW. I mean, if they were submitting another list, would they submit substantially that list?

Secretary STIMSON. I do not think so; because, as I told you, the mere comparison of those lists with the lists of what we were doing in many other ways served to change what they had brought out.

AMERICAN MANPOWER

Mr. LUDLOW. Mr. Secretary, you stated that the aid to the democracies that is contemplated by this bill is hard to visualize now, but mainly takes the form of equipment. You used the word "mainly." You do not see anything in the picture now to indicate that the British will require our manpower?

Secretary STIMSON. No, sir; there is nothing in this that refers to manpower.

PROPORTION OF MATERIAL TO BE ACQUIRED THAT WILL BE USABLE BY UNITED STATES

(See p. 20)

Mr. SNYDER. Mr. Secretary, I was very much impressed with your statement that 95 percent or more of the equipment, material, and articles that we are building and will build for the aid of Britain could in an emergency be used in our set-up here at home. Is that right?

Secretary STIMSON. That is true; and that did not happen by accident. That happened as a result of the efforts of the agents of the War Department to accomplish that, and the consent of the British to do so.

Mr. SNYDER. I commend the Secretary of War and his staff for bringing that about. I think it is an excellent procedure.

AGRICULTURAL PRODUCTS

(See pp. 20, 32, 35, 39, 51)

Mr. O'NEAL. Mr. Chairman, I have a couple of questions that I would like to ask both the Secretary of War and the Secretary of the Navy, for the reason that I am uncertain as to whether the subjects I have in mind have been covered in drafting the bill.

The bill attempts to set out the categories under which this money shall be spent, and I wondered if that might be interpreted as exclusive of any category not mentioned in the bill. For instance, is there some saving clause which would entitle you or enable you to spend money for foodstuffs, which are a very vital defense item, in my opinion? I see no category that might include food.

Mr. SMITH. Agricultural commodities.

Secretary STIMSON. There is a category there, is there not?

Mr. O'NEAL. I just called that to your attention because I do not see it offhand.

Mr. SMITH. It very clearly mentions agricultural commodities.

Mr. O'NEAL. Thank you. If it does, I had not noticed it.

Another category would be services. I can see very well where services might be very much needed. Also chemicals; I do not see any chemical warfare, unless it may come under some other defense item.

Secretary STIMSON. Under miscellaneous military equipment. The chemicals would certainly come under that.

Mr. O'NEAL. Then where do we find the provision with regard to food?

Mr. SMITH. It is the last item under (a).

Mr. O'NEAL. Now, as to the question of services, I wonder whether that might not be very important? I merely wanted to call that to the attention of the committee. It is not necessary to answer it now, but it can be considered.

DISPOSITION OF MATERIAL AFTER DEFENSE EFFORT HAS CEASED

(See p. 43)

Mr. JOHNSON of West Virginia. Mr. Secretary, under this lend-lease bill, suppose we should turn over to England a great number of guns, tanks, and maybe ships. Does that mean that after the war is over, if those ships are still in existence, they will be returned to us?

Secretary STIMSON. I think you can judge of that fairly by what has been done in the past in the disposal of the spare stocks of weapons which were transferred and sold to Great Britain before the drafting of this bill. In all those cases there was an effort made to obtain a substantial and fair quid pro quo.

Under the Lease Lend Act the terms and considerations for the transfer are made broader and more flexible, but I think you can count upon the interests of the United States being fully protected.

Mr. JOHNSON of West Virginia. In other words, if we send a lot of tanks and a lot of guns and even some ships over there, and this war results in favor of Great Britain, and they have all our material over there, then is it your understanding that that material is to come back to this country, or as much of it as possible?

Secretary STIMSON. I think you will find as full an answer as can be made to that question was forecast in the President's speech when he originally proposed this method of transaction.

Mr. JOHNSON of West Virginia. This is a pretty big undertaking, and sometimes when these materials get across the water it may not be convenient, for some reason, to send them back. Now, I want this stuff returned if it is in existence when they get through with it. If you lend a thing, you want it returned when the borrower is through with it.

Mr. WOODRUM. Try to get all of it back that you can, Mr. Secretary.

NEW PLANT FACILITIES

(See pp. 37, 58)

Mr. TABER. With reference to these major items in this Budget estimate that is up here, are you able to segregate for us as to each one the portion thereof that could be currently procured from existing facilities over the period that will be required for delivery and what proportion would require the creation of additional facilities?

Secretary STIMSON. I think it would be a rather difficult question to answer in extenso; details are very difficult to present. It would necessarily be subject to change as other changes come from the war.

Mr. TABER. There are \$752,000,000 set up here for additional facilities. I can see why there might be some special items that would require some small amount of facilities. On the other hand it is

rather difficult to follow the provision for a lot of additional facilities superimposed upon the facilities that have already been provided for or appropriated for for the Army and the Navy, especially in view of the fact that months are required for the setting up of some of the facilities; on some of them production comes in quantities months later; and that means a long time before some of these things can begin to be produced. I would like to have some kind of a comment from both the Secretary of War and the Secretary of the Navy on that subject if I could get it.

Mr. WOODRUM. Secretary STIMSON.

Secretary STIMSON. I am not sure that I understand Mr. Taber's request; I do not know that I understand how much he is asking for details. I can say this, to guide us as to what my feeling is as to it: I think that it would not be in the interest of this country, or this country's defense, to indicate what weapons or what munitions are going to what countries.

Mr. TABER. I was not asking for that at all; that is not what I was getting at. I will try to repeat the question.

Secretary STIMSON. I may have misunderstood it.

Mr. TABER. We have a set-up of \$750,000,000 for proposed additional facilities.

Now, considering the fact that it takes months to provide some of these facilities, and considering the fact that we have already provided probably \$2,000,000,000 for that sort of thing in previous bills for the Army and the Navy, and considering the fact that those facilities require months in some cases to come into production, are we not getting to a point where we are providing for facilities, to the point where the provision for facilities is delaying this defense program rather than a means of accelerating it?

Secretary STIMSON. I think not, sir. But I cannot go into details here now. I do not have them before me.

I know this, however; I know that every effort has been made both in the Department and in the Office of Production Management to keep going at the fastest possible production the facilities which we have now, and without impairing the production of those we now have to bring into production as rapidly as possible the facilities which we have contemplated or under construction. In other words, that we are going as fast as we can in regard to the creation of these facilities.

I think nothing is included in this—although I should like to have the opportunity to correct myself if I find afterward I am wrong—I think nothing is included in this which will not come into production in the time stated in the bill, and have its effect on the defense of these other countries to whom the weapons are intended before that time. General Marshall tells me that he can add to the details of that if you care for him to do so.

Mr. TABER. Will someone later on give us more of a break-down of what actually will have to go into new facilities?

General MARSHALL. If I may interject this statement: This has been very carefully calculated against the time element, having in mind what we already have in the way of facilities, what has already been authorized, and money provided for, and what would be required to produce the mass of matériel on the British list, to produce the facilities for the requirement of the list. There is also the necessity

for facilities against the possibility of emasculation or destruction of existing facilities of Great Britain. That is very important in this matter. They have these standing plants that this week are in full production and next week cease to exist, and some facilities in this country to meet that possibility, that may in some cases be a probability, would be in here as one of the corrective measures.

This data on production cost of certain facilities being presented for appropriation was only composed after a careful investigation by the Office of Production Management, under Mr. Knudsen, and other similar officers, to see what was going to be required, also having in mind the time element, and that it has to be gotten out as quickly as we can. If it were not for the time element it would be more economical to allow the existing plants to turn out the matériel over a long period of time, but time is the costly item in this particular, with the necessity of having certain plant facilities provided against the possibility of British plants being destroyed.

PERIOD OF USE OF FUNDS

(See p. 17)

Mr. TABER. Within what time is it anticipated that this fund will be used?

General MARSHALL. It has to be used before June 30, 1943.

Mr. TABER. I understand that, but has it been laid out so that it is expected that this fund will last until June 30, 1943? Would anyone of you be able to answer that; and I would rather ask that for the moment of either of the Secretaries.

Secretary STIMSON. Will you repeat your question?

Mr. TABER. Has the program of getting these things been laid out, to get the things you have in mind, or is it expected that you will have to supplement this later?

Secretary STIMSON. That is subject, Mr. Taber, to so many contingencies of war that it is almost impossible to answer it exactly.

Mr. TABER. I appreciate it. Let me frame the question in this way: Has this estimate been prepared with the idea of covering what the British needs are, as you can envisage them at this time, without taking into consideration contingencies that might result as the progress of the war develops. Can you answer that?

Secretary STIMSON. We think that can be answered "yes."

BRITISH FINANCES

(See p. 65)

Mr. WIGGLESWORTH. I will address this question to Secretary Stimson. In the testimony on the lend-lease bill, by Secretary Morgenthau, it was indicated that the gold and dollar exchange assets of the United Kingdom as of August 31, 1939, amounted to \$4,483,000,000; as of December 31, last, \$2,167,000,000.

Are those dollar exchange assets considered in any way in determining the total of the request before us or is that something entirely for the future as defense weapons are provided?

Secretary STIMSON. I do not think those estimates were taken into consideration in the preparation of these requirements.

Mr. WIGGLESWORTH. In other words, that is a matter for negotiation in the future.

Secretary STIMSON. Yes.

PERIOD OF USE OF FUNDS

(See p. 16)

Mr. WIGGLESWORTH. I assume that you contemplate that the production covered by this \$7,000,000,000 appropriation can in fact, if necessary, be produced prior to July 1, 1943?

Secretary STIMSON. That is the fact.

Mr. WIGGLESWORTH. Can you say what proportion of that \$7,000,000,000 would be necessary for expenditure?

Secretary STIMSON. May I interpose this statement?—that I have been speaking not as to the whole of the \$7,000,000,000, but merely as to the War Department's share. And I think that is true as regards the Navy.

Mr. WIGGLESWORTH. May I ask Secretary Knox if that is true as to his Department?

Secretary KNOX. I think so.

Mr. WIGGLESWORTH. Is it possible to state what portion of this \$7,000,000,000 under the contemplated program would be actually required for expenditure in the fiscal year 1942?

Mr. WOODRUM. You mean contract authorizations or cash, Mr. Wigglesworth.

Secretary STIMSON. I was going to say that question involves contract authorizations.

Mr. WIGGLESWORTH. If there is no objection I would like it to cover both.

Secretary STIMSON. Then you mean, is it susceptible of being covered completely, when you take in both cash payments and contracts?

Mr. WIGGLESWORTH. I mean how much of the \$7,000,000,000 which is before us will be required for (a) cash payments, and (b) obligations in the fiscal year 1942 under the contemplated program?

Secretary KNOX. I do not think anyone could answer that question until the contracts have been negotiated.

Mr. WIGGLESWORTH. You do not plan to expend or obligate all of this \$7,000,000,000 in the fiscal year 1942, do you?

Secretary STIMSON. I think I can say that it is intended, so far as the War Department's share is concerned, it would be under contract or completed by that time.

Mr. WIGGLESWORTH. And is that also true, Mr. Secretary, of your Department?

Secretary KNOX. With respect to the allocation of the \$7,000,000,000 for expenditure by the Navy Department, the obligations will be incurred very soon, as soon as possible.

CONTRACT AUTHORIZATION FOR PART OF NEEDS

Mr. POWERS. Mr. Secretary of War, my first question has been fairly well covered by Mr. Taber and Mr. Wigglesworth. From January 3, when Congress convened, until the present time, the Appropriations Committee of the House has been appropriating at the rate of about a billion and a half a week. This seven billion, of course, will raise the average considerably. I am just wondering, in view of Mr. Taber's question, and in view of Mr. Wigglesworth's question, whether it would be advisable, instead of appropriating

\$7,000,000,000 at this time, to cut this down to a much lower figure and allow you to pay out in cash what you can for the fiscal year 1942, and then come back again for another appropriation, or to have the balance on a contractual basis. What would you think of that?

Secretary STIMSON. For reasons that have already been given by others here, I think it would not be.

Mr. POWERS. It would not make a particle of difference in the ultimate result, would it?

Secretary STIMSON. Yes; it would have a great effect on morale and probably would make a great difference in the negotiations and in the planning. The more you can plan for, the more cheaply and more quickly you can procure, and in that way you cannot plan.

Mr. POWERS. Yes; if you had contractual authority, you could still make your plans, could you not?

Secretary STIMSON. Under your question, I would say that would be limited. However, I believe the Director of the Budget can answer that question more completely than I.

Mr. POWERS. Well, the contractual authority would allow you to do the same thing as cash.

USE OF AMERICAN PLANES BY THE BRITISH

Another question: Is there any truth to the rumor that some of us hear that England is not using the planes we are sending to her?

Secretary STIMSON. I do not think that is true as the question is asked; no. There may be delays because of the necessity of education in the use of them and the necessary adaptation to the situation of warfare, but any implication that the planes will not be used is false.

Mr. POWERS. No; I do not imply they will not be used, but I understood the great majority of the planes we are sending to England are not being used. And, if such is the case, I wanted to find out from you if you knew why they are not being used.

Secretary STIMSON. I do not think that is the case, sir.

Mr. POWERS. Is it not?

Secretary STIMSON. No.

MATERIAL FURNISHED BRITAIN AFTER EVACUATION OF DUNKERQUE

Mr. POWERS. Someone mentioned the fact, Mr. Secretary, that we had transferred or sold war materials to England after the Dunkerque evacuation, and that we helped England considerably by doing that. Could you tell us how the sale or transfer of those materials was made and under what authority?

Secretary STIMSON. I was not Secretary at that time, and I do not know.

General MARSHALL. It was made under the existing law on the basis of obsolescence or surplus, and it was done, in the main, through the United States Steel.

Mr. POWERS. Do not misunderstand me; I am happy it was done, but I wanted to find out how.

General MARSHALL. We turned over in each case the material to one or another firm, some to the Curtiss people, but the main bulk was to the United States Steel; in turn for which the Chief of Ordnance received contracts for other material at a rate determined

upon. As the Secretary of War previously outlined in some cases, it was for the original cost of the article, and in other cases it was the cost of selling to citizens. It went from 100 percent, to 20 percent.

BRITISH POTASH AND BORAX PLANTS IN UNITED STATES

Mr. DITTER. I have two or three questions I would like to address to the Secretary of State and ask him, first, whether in his reason and judgment an answer to the question that was asked or the type of questions that were asked by Mr. Scrugham off the record would in any way be embarrassing or inimical to our interests?

Secretary HULL. I think I made clear that our Government should give all practical attention to those matters.

Mr. DITTER. Then would it be disturbing, Mr. Secretary, if Mr. Scrugham were to reframe those questions and have you answer them with reference to the specific financial interests to which he referred?

Secretary HULL. I think Governor Scrugham would want to confer with these people—

Mr. WOODRUM. Do you want that on the record, Mr. Ditter?

Mr. DITTER. Yes; I should like it on the record. I cannot see that it would in any way be embarrassing.

Secretary HULL. I think you would want to discuss it with the people who will deal with the contracts relating to production and distribution and the business relations that are involved between us and Great Britain. I deal with the diplomatic phases only.

Mr. SCRUGHAM. May I inject an observation, Mr. Ditter? I presume the point you wished to emphasize there was the fact that the questions I asked showed that the potash industry and the borax industry in the United States, was largely owned by British interests, and which, in my opinion, the United States Government should control instead of the British Government. Their value, which I estimate to be \$20,000,000, should be applied as a payment on this seven billion advance of money.

Secretary HULL. As I say, there is almost an infinite number of relations of a commercial nature between us and the British Empire and we have been untangling some of them and, if this trouble had not come on, I think we would have been making more progress still; but everything has been interrupted and we have chaos, disruption, and dislocation in our whole international and economic structure, and it has taken an awful lot of time. I notice my friend Joe O'Mahoney spent 2 years here carrying on investigations in just a few phases of a similar or another situation and, as I say, there is almost an infinite number of questions like these that will be up, and we naturally should, and I hope will, amply take care of our interests as these developments are reached and action is taken on them.

TRANSFER OF COAST GUARD TO NAVY

Mr. DITTER. Now, I should like to ask a question of the Secretary of the Navy: Mr. Knox, is it anticipated at this time that the Coast Guard is to be transferred from the Treasury Department to the Navy?

Secretary KNOX. Not at this time; no, sir.

Mr. DITTER. In other words, nothing has been done toward that end?

Secretary KNOX. No, sir; except that we have the plans all ready, in case of war, whereby the Coast Guard will become a part of the Navy. That is a part of the law.

Mr. DITTER. Yes; that is part of the law; but it is not anticipated, under the present emergency rather than actual war, that such a transfer will be made?

PROPORTION OF MATERIAL TO BE ACQUIRED THAT WILL BE USABLE BY
UNITED STATES

(See p. 13)

Secretary KNOX. There is no present plan for it.

Mr. DITTER. Then I should like to address one question to the Secretary of War. Mr. Stimson, during the course of your statement to the committee, you emphasized that a very considerable part, in fact I think you said 95 percent, of these things that are to be bought could be utilized by our Army. Is that right?

Secretary STIMSON. Yes, sir. More than that they are to be of our standards.

Mr. DITTER. And I suppose the emphasis was laid on that in order to show that, if necessary, the funds that are presently being appropriated could be used for our own Army, rather than being transferred to those that we seek to aid?

Secretary STIMSON. What I meant was that if by the misfortune of fate we should be compelled to be drawn into a war to defend this hemisphere, we would find in these weapons means with which we could arm ourselves for that purpose.

Mr. DITTER. Well, has any attention, then, been given to the limitation placed in the Constitution with reference to the time within which appropriations may be made for the armies?

Secretary STIMSON. No, sir; because these are not being made primarily for the armies, or at all for the armies, except in such an unpredictable contingency as I just mentioned. They are made for the purpose which is stated in the bill, namely, for the reason that the defense of these democracies is vital to our defense.

Mr. DITTER. Is it contemplated that any of the funds that are being presently appropriated will be used either for the expansion or emplacement of facilities or plants in any countries other than the United States?

Secretary STIMSON. Not so far as I am aware, at all.

Mr. DITTER. That is all.

AGRICULTURAL PRODUCTS

(See pp. 13, 32, 35, 39, 51)

Mr. CANNON. May I ask Secretary Hull one more question? Mr. Secretary Hull, the Budget recommends \$1,350,000,000 for agricultural, industrial, and other commodities and articles. In a broad way, what proportion of the industrial commodities will be food and what proportion will be raw materials?

Secretary HULL. That is a matter with which I am not very familiar. As I say, I am supposed to keep up with all of the conduct of our foreign relations and to trace the relationships that have led up to this condition of danger and to make that as clear as I can, without going into the production and distribution side of the situation. I had left that to the Army and the Navy and the Treasury and the Budget people, because it did not really come within the function of our foreign affairs over at the State Department, and I apologize for not being able to answer your question intelligently now. But I do hope, on account of my interest in the agricultural situation, to familiarize myself thoroughly with every phase of it at a very early date.

Mr. CANNON. I wonder if either Secretary Stimson or Secretary Knox could give us any information as to what proportion of the agricultural products provided for in this item will be in the form of food and what will be in the form of raw materials?

Secretary STIMSON. I think the Director of the Budget can answer that question.

Mr. CANNON. Let me ask one question of either of the Secretaries: Will such foodstuffs as are contemplated be for the civilian population, or for the armies?

Secretary KNOX. I do not know.

Secretary STIMSON. I do not know, either.

TITLE TO DEFENSE ARTICLES

(See p. 39)

Mr. O'NEAL. Is it determined, or has it been agreed upon as to when title will vest in England or any other country getting materials of this character? Is it upon delivery from this country some place else, or when contracted for?

Secretary STIMSON. Not when contracted for, that is, not when the construction is contracted for, and not until after the construction is completed. After that, I do not think there has been any commitment.

Mr. O'NEAL. In other words, when you make a contract today or agree to do something for so much, the title remains in this country until after delivery takes place either at the point of manufacture or some other point?

Secretary STIMSON. That is as I understand it. Title, of course, in case the article was loaned, would never vest.

Mr. O'NEAL. Yes; I understand.

Mr. LUDLOW. Mr. Secretary, I understand the initial distribution is to be to Great Britain and Greece. Can you give any information as to what other countries you think are likely to be finally included in the distribution?

Secretary HULL. I wish I knew. Nobody knows, over there in some parts of the Balkan area, what may happen any day, or any hour.

PROCUREMENTS IN FOREIGN COUNTRIES

(See pp. 40, 42)

Mr. DITTER. I would like to ask one question of the Secretary of War: Mr. Secretary, do I understand this, that expansions or emplacements would take place in foreign countries under the terms of the bill, in your opinion?

Secretary STIMSON. Original emplacements?

Mr. DITTER. Do you say that original emplacements or facilities for plants cannot take place outside of the United States?

Secretary STIMSON. I do not think the bill authorizes that.

Mr. WOODRUM. Let me quote section 8 of the Lend-Lease Act on that point:

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Mr. DITTER. That is the reason I asked the question, whether it is contemplated to purchase matériel that might be made in plants outside of the United States, or whether funds provided in this bill would be available for making the original emplacements or expansions of any such plants.

Secretary STIMSON. That is a provision for most unusual situations and that the Department does not contemplate of creation of any such facilities, is, I think, evidenced by the fact that I have forgotten that such a provision was in the act.

Mr. DITTER. It is a matter that the committee should have given some consideration to.

TUESDAY, MARCH 13, 1941.

STATEMENT OF GEN. GEORGE C. MARSHALL, CHIEF OF STAFF, UNITED STATES ARMY

GENERAL STATEMENT

Mr. WOODRUM. General Marshall, do you have a statement you would like to make?

General MARSHALL. I do not have any prepared statement. I am here at your disposal.

Mr. WOODRUM. General, from what you know of this bill, please tell us what you think about it.

General MARSHALL. Mr. Chairman, since hearing the testimony that has already been given this afternoon, I believe there is little I can add except to repeat what Mr. Stimson, in particular, has already made clear to you—that there are definite complications involved in the consideration of this bill, because it concerns a nation that is actually at war. As you know, in making our own estimates for matériel, everything is kept open and aboveboard. Lists of the actual matériel for which appropriations are desired are printed in the record with quantities and approximate cost—all available to the public. In this bill, the matériel is listed as concisely as possible, with barely enough details to permit intelligent consideration; nevertheless it involves the possibility of adverse effect on Great Britain if it discloses all her needs, and these are very apparent from the deficiencies which you are considering today. In other words, we must avoid statistics which are completely revealing.

As Mr. Stimson stated, we have followed a very careful procedure in preparing this list. A great many conferences have been held,

not only with the British but also within our own staff, to determine how best to put these estimates on the same carefully considered basis as our own. Then, in cooperation with the Under Secretary of War's Office and that of Production Management under Mr. Knudsen, we considered the production demands involved and the possibility of interference with our own program. As a result of our investigations we arrived at a determination of the amounts of the several items you now have under consideration.

Mr. WOODRUM. General, you are thoroughly familiar with the items in this bill and their purposes?

General MARSHALL. I have gone over the various break-downs of the matériel involved.

Mr. WOODRUM. Are you able to say to the committee, from your knowledge, having made an investigation of them, that you think these items are vitally and critically necessary and should be included in the bill?

General MARSHALL. Yes, sir; very much so.

Mr. LUDLOW. General, I want to ask whether, in your opinion, providing these articles in aid to Britain will in any way endanger our own defense?

General MARSHALL. No, sir; on the contrary I think that as we now have matters arranged, the result will be to our advantage. Our own actual resources will not be diminished until the finished products come off the production line and are ready for shipment. Increased production will add to our strength until the time for distribution begins. I will go further and say this—that I would be a much happier man today if I thought we had reached a point in our production development where we actually had more capacity than we required. That would be the most favorable situation possible for us, in view of present conditions.

Mr. CANNON. General Marshall, these estimates have been made on the basis of definite inventories, apparently, and I presume you have some data as to the cost of each class of matériel.

General MARSHALL. Yes, sir.

Mr. CANNON. How do these costs compare with costs of matériel in similar classifications during the World War?

General MARSHALL. I will have to ask someone else to answer that.

Mr. CANNON. In a general way, are we paying more or less, than was paid for similar matériel during the last war?

General MARSHALL. Probably the only specific item susceptible of that comparison is the Springfield rifle. The cost of this rifle is less today than it was during the last war. In this instance, manufacturing facilities already existed when we resumed production recently. Most of the other equipment involved, particularly anti-aircraft matériel and tanks, is so entirely different; so new; and so much more complicated than corresponding items used during the World War, that no accurate comparison can be made. For example, the tanks used in the World War were "tin lizzies" compared with what we have today.

Mr. CANNON. What determines the price? Are they manufactured on the cost-plus-fixed-fee plan, or through negotiation? Do you contract for them, or do you manufacture them yourself?

General MARSHALL. Most of the ordnance contracts to date have been on an advertised bid basis, but I might mislead you badly if I answered your question in detail. I would rather refer you to our procurement experts.

Mr. CANNON. What are the agricultural products referred to in this list of matériel?

General MARSHALL. That does not come within my province. Mr. Smith can give you that information.

Mr. CANNON. Are you familiar with the difference in prices that would be paid now as compared with World War prices?

General MARSHALL. No, sir. As a matter of fact, during the World War I was for two and a half years in France and out of touch with the economic situation in this country.

Mr. SNYDER. England today has many guns of different calibers and they have a number of factories manufacturing ammunition for those guns. Now, suppose the Germans should destroy some of those factories, and that would put those guns out of commission entirely. Would we build factories under this appropriation to manufacture ammunition required for those guns?

General MARSHALL. Some of the facilities recommended could be used for that specific purpose.

Mr. TABER. How much, would you say, is for that purpose?

General MARSHALL. I cannot give that data.

Mr. JOHNSON of West Virginia. General, you are trained in the art of war, and seem to know something about South American countries and the British Government and the German Government. I want to ask you this: If we make this appropriation that has been asked for, and do it rather promptly, what will be the effect on morale, looking at it purely from a war standpoint, on England, on South America, and on Germany?

General MARSHALL. I believe it will have a tremendously stimulating effect in England, where it will be felt that their heroic effort is recognized and that we are doing everything we can to help them. I think it will be very beneficial in its effect throughout the Western Hemisphere, where it will be realized that we mean business in this matter. Undoubtedly it will have a very disturbing effect on the nations opposed to Britain.

Mr. TABER. In other words, General, you want them to realize what we are doing this for?

General MARSHALL. Yes, sir.

Mr. TABER. Because we want them to know that we are going the limit; is that it?

General MARSHALL. That we mean business.

Mr. JOHNSON of West Virginia. What effect will this have upon the army itself?

General MARSHALL. Our Army, sir?

Mr. JOHNSON of West Virginia. No; I mean the British Army.

General MARSHALL. I think it will have a tremendously stimulating effect on the morale of the British Army.

Mr. JOHNSON of West Virginia. What effect will it have on the soldier himself, from your experience?

General MARSHALL. My experience has been that when the soldier lacks things he actually needs, only the highest type of discipline and the most able leadership will pull him through a crisis. If there is

any mediocrity in leadership or any deficiency in discipline, the first realization of its lack of essential matériel gives a military unit the tendency to dissolve. Matériel is of vast moment to the morale of an army.

Mr. JOHNSON of West Virginia. And the morale means 50 percent of the battle?

General MARSHALL. Well, Napoleon said that morale is to matériel as three is to one, and somebody remarked the other day that under many circumstances the correct ratio is more nearly 10 to 1. We have seen a nation collapse. Those who have attempted to explain the debacle have talked a great deal about lack of matériel, but it is quite evident now that the failure was primarily in morale.

Mr. WOODRUM. Are there any other questions of the General? If not, we thank you very much, General. We always enjoy having you with us.

FRIDAY, MARCH 14, 1941.

STATEMENTS OF HAROLD D. SMITH, DIRECTOR, BUREAU OF THE BUDGET; MAJ. GEN. JAMES H. BURNS, EXECUTIVE TO THE UNDER SECRETARY OF WAR; F. J. LAWTON, ADMINISTRATIVE ASSISTANT TO THE DIRECTOR OF THE BUDGET; LT. COL. HENRY S. AURAND, GENERAL STAFF CORPS, WAR DEPARTMENT; AND COMMANDER A. P. H. TAWRESEY, ASSISTANT BUDGET OFFICER, NAVY DEPARTMENT

Mr. WOODRUM. If it is satisfactory, we will proceed. I have several general questions I would like to ask Mr. Smith. You made a general statement yesterday, Mr. Smith, and if there is anything you wish to add to that before we proceed with questions that the committee may wish to ask, we will be glad to hear it. Is there anything you wish to add to your general statement?

Mr. SMITH. I think not, Mr. Chairman.

Mr. WOODRUM. I have two or three questions I would like to ask, and, if it is agreeable to the committee, we will proceed as we did yesterday.

PROCEDURE IN ADMINISTRATION OF FUNDS

(See p. 42)

Is it anticipated, Mr. Smith, that it will be necessary to set up any new administrative agencies in connection with the funds which we are asked to provide for, or will they be handled by the regular Government machinery now set up? In that connection, when you answer that, let me say I have this in mind, that under the procedure, as I understand it to be, the President, under the terms of the lease and lend bill and under the terms of the appropriation, will allocate to the Army, Navy, or other Government agency, a certain amount of money for the procurement of certain defense articles. Now, will that money be processed down through the agencies purchasing those articles?

Mr. SMITH. The program will be processed by the regular agencies.

Mr. WOODRUM. Now, as to the administrative expenses necessarily incurred by those agencies, in processing these orders under the lend-lease bill, will they be paid for out of funds provided here, or in every appropriation bill that comes up hereafter, will we meet with the situation of every agency coming in and saying, "We will have to have 100 extra clerks, because of this lend-lease program"?

Mr. SMITH. It was our plan under these estimates to have every request for additional administrative expenses on account of the lease-lend bill reviewed by the Bureau of the Budget. This assumes that a part, and a considerable part, of the administrative expenses can be taken care of under existing appropriations, but where there are real difficulties, and where there is a need for additional help on the administrative side, that request would come through the Bureau of the Budget, and would be reviewed as any other request for estimates would be reviewed—that is, in the light of what administrative provision the department or agency already has. A recommendation for an allotment would then be submitted to the President for his approval. In that way, I think we can keep the administrative costs of this program definitely segregated from the administrative costs incident to our own defense program.

Mr. WOODRUM. They will be or can be segregated so that when you take your cost sheet for planes, you will be able to tell how much was for planes and how much for the item of administrative expense?

Mr. SMITH. Yes, sir.

Mr. WOODRUM. If a department has additional administrative costs, it will be paid out of the lease-lend fund.

Mr. SMITH. Yes, sir; that is provided for in item (c).

NEW OVERHEAD ORGANIZATION

(See p. 34)

Mr. WOODRUM. Is it anticipated that any overhead organization will be set up in any of these departments?

Mr. SMITH. I assume that, at least, in the Army and Navy, some persons would have to be designated specifically to guide this program in those departments.

Mr. WOODRUM. Outside of the Budget—and I understand all of these things will clear through the Budget—and outside of the additional set-up you will have to have on account of this, will there be an over-all agency that will handle it?

Mr. SMITH. I do not think that has been finally determined, but it is my understanding that there will be some kind of a policy committee, probably consisting of Cabinet officers, who will look at this program in its relation to our own program.

Mr. WOODRUM. Now, the policy to be carried out, as we understand it, is that these funds will be allocated by the President to different agencies of the Government, and, in making these purchases, they will proceed in exactly the same manner and form, and according to the same rules, regulations, restrictions, and so forth, that they follow in making purchases for their own agencies.

Mr. SMITH. Yes, sir; in the same manner as they proceed under existing appropriations.

BUREAU OF BUDGET TO COORDINATE DATA ON PROGRAM

(See p. 38)

Mr. WOODRUM. You will recall that a suggestion was made at the White House conference the other day that it would be very helpful, and from my viewpoint it seems necessary, that there be set up somewhere, preferably in the Bureau of the Budget, some unit that will know from day to day the intimate details of this program as it develops, so that when committees of Congress wish to be informed, either informally or on the record, exactly what has been done, the expenditures made, and the contracts and commitments made, the types of material or facilities being contracted for, and so forth, all of the details will be ready in one compact agency that will know all about it, and to which they may come and find out the information they wish to have. Will that plan be followed?

Mr. SMITH. We will try to meet your wishes on that. It will be necessary for the Bureau of the Budget to assemble this information in any event. It must be processed through the Bureau, and we can make it available to you, if it is desired.

Mr. WOODRUM. I think that certainly would be the wish of the committee.

Mr. JOHNSON of West Virginia. If you have this central organization created, how large will it be? Do you have any idea how large it will be?

Mr. SMITH. I do not at this time.

Mr. JOHNSON of West Virginia. Would it be composed of two, three, four, five, or six people?

Mr. SMITH. Are you speaking now with respect to the organization in the Bureau of the Budget?

Mr. JOHNSON of West Virginia. Yes.

Mr. SMITH. I think that, so far as we are concerned, it will take a very small staff, because we will depend upon the other departments and existing accounting facilities and records.

Mr. JOHNSON of West Virginia. If there should be such a committee set up, do you contemplate taking the Secretary of War and the Secretary of the Navy, or someone representing those departments?

Mr. SMITH. While, as I pointed out, so far as I know, a definite decision has not been made by the President, there would probably be a policy committee to advise the President. So far as the records are concerned, or in making an accounting for what has been done, that is an entirely different matter, and it can be handled by the existing agencies of the Government, with, perhaps, some little increase in the staffs.

APPLICATION OF EXISTING LAW TO PROCUREMENTS

(See p. 43)

Mr. WOODRUM. In the matter of this program, Mr. Smith, what procedure will be followed by those different agencies in placing contracts, and so forth? Will the lease-lend money be subject to all of the laws applicable to the departments in carrying out their own procurements and purchases?

Mr. SMITH. It is my understanding that that is true—that the lease-lend bill does not expand the authority under existing appropriations except insofar as it may be contained in the act.

Mr. WOODRUM. Will there be any conditions under which the various laws covering the procurements and purchases now made will have to be set aside in this program? For instance, section 3 (a) authorizes the President, notwithstanding the provisions of any other law, to authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government, to do certain things. Will you say something about that?

Mr. LAWTON. It was pointed out in the report of the Foreign Affairs Committee of the House, that the item in this authorization bill, "notwithstanding the provisions of any other law," meant notwithstanding the provisions of any other law that would conflict or interfere with the carrying out of this bill. In other words, they pointed out in that report that the purpose would be to continue, as it did not interfere with the carrying out of this bill, the Walsh-Healey Act or wage-hour law. The War Department and the Navy Department have exemptions from section 3709, and statutes of that type, and I think it would be interpreted that this would be carried out with the same exemptions now existing under the programs of the Army and Navy.

Mr. WOODRUM. It is not anticipated that this language would call for any drastic departure from any existing procedure, or from following any laws on the statute books that relate to the procurement and purchase of these materials?

Mr. LAWTON. No, sir; I do not think that would be contemplated, because in a great many cases those orders will be placed in the factories at the same time that orders for our own defense will be placed.

Mr. WOODRUM. All of these expenditures will have to be cleared through the Comptroller General, just as expenditures for purchases under the regular program?

Mr. LAWTON. Yes, sir.

Mr. WOODRUM. If it meets with the pleasure of the committee, I would suggest that the members of the committee ask Mr. Smith such general questions as they desire, before taking up the several categories in the estimates.

Mr. TABER. I think we should establish the question of the policies before we go into the details of the bill.

Mr. WOODRUM. Suppose we go around the committee, and let the members ask Mr. Smith such general questions as they wish. Then I will have some questions to ask about the several categories of the estimates. If that is satisfactory, we will proceed in that way, Mr. Cannon.

Mr. CANNON. Mr. Smith, your aide has just said you will follow the procedure heretofore followed in securing materials. Those materials now purchased are purchased in a routine way. These are not routine things, they are materials not generally produced, and for which, in many cases, you will have no blueprints. How much of the material indicated in this inventory will the Government manufacture, and how much will it buy? How much will be procured in the open market, and how much under contract?

Mr. SMITH. I would say, in general, that is probably a question that cannot be answered very accurately at this time, because this program, as it goes along, would have to be fitted in with the Army and Navy program. I would like to ask General Burns to comment on the question you have asked.

PRODUCTION COSTS AND PRICES

(See pp. 36, 48, 51)

General BURNS. With reference to the Army program, practically all of the items we get, with the exception of a relatively small percentage that is manufactured in our arsenals, have to be procured from industry under contracts entered into with the companies. That would be true of the British, and, by and large, we would have to procure that material from industry; although, as you know, we have supplemented industry and our own arsenals by new munitions plants which are being built, like that which is opening up today at Radford. Some might call that a Government arsenal or Government plant, but it was built by a private company and is being operated by the company.

Mr. CANNON. Will matériel be purchased direct or on a cost-plus basis?

General BURNS. They are fixed-fee contracts.

Mr. CANNON. The contract provides for a specific price per unit, or for a definite over-all sum?

General BURNS. It has to be on the basis of a fee plus cost.

Mr. CANNON. Per unit?

General BURNS. That is right.

Mr. WOODRUM. You are talking about the construction, are you not?

General BURNS. I am talking about both.

Mr. WOODRUM. I think Mr. Cannon was talking about operation.

Mr. CANNON. Both construction and operation. With regard to construction and the operation of these plants, which will be operated by a private company under contract, have you entered into any such contracts up to this time?

General BURNS. Yes, sir; we have entered into a good many of them.

Mr. CANNON. How do prices at which you have contracted for this material compare with prices on the market before the opening of the war?

General BURNS. I hate to attempt to give you a comparison of prices. I think, by and large, the prices we are obtaining are quite satisfactory. Now, of course, as you know, we have not reached the operation stage of most of these plants; so, as to what the element of cost would be per unit of product we do not know. The best we have so far is an estimate of cost.

Mr. CANNON. I misunderstood you, then. I thought you said you had already entered into definite contracts, and that the contracts specified the cost per unit.

General BURNS. No; I said that it is a cost-plus-fee contract, so you have got to pay whatever the cost turns out to be plus a fixed fee for operation. It is not a fixed-price contract insofar as the cost of the product is concerned.

Mr. CANNON. It is not a cost per ton; it is not a cost per day?

General BURNS. No, sir.

Mr. CANNON. It is an over-all cost plus a fixed fee for management?

General BURNS. Plus a fixed fee for management, that is correct. We do not know what the cost is going to be at this time, though we know what the estimates are going to be.

Mr. CANNON. Then on what basis do you estimate the cost to be fairly satisfactory? If you do not know what it is going to be, how can you determine whether it is satisfactory?

General BURNS. I think perhaps that my statement was not in order, because when you analyze it you do not know what the element of cost is going to be so you do not know how the element of future cost is going to compare with past costs.

Mr. CANNON. You do not know what the cost is going to be, but you do know the cost of the items which enter into the cost of production—labor, material, and management. How would those costs compare with similar costs during the World War?

General BURNS. I do not know that I can answer that question, Congressman.

Mr. CANNON. Well, are you familiar with the cost of similar munitions during the World War? I should think that would be one essential in negotiations preliminary to making these contracts; that you would know what had been the cost of similar services on previous occasions.

General BURNS. Of course, you are trying to get down to the element of the cost of the product, are you not?

Mr. CANNON. Exactly. That is the essential thing. We are appropriating \$7,000,000,000, but if the cost is going to be twice what it was before, we are only getting \$3,500,000,000 worth of material. The important thing at this time, is to get the full value of the money appropriated. Now, shall we spend \$2 for what cost us \$1 in the World War, or are we going to get these munitions at reasonable prices?

General BURNS. I think our prices are reasonable. These contracts are cost-plus-fee contracts, and we have not reached the element of production yet, so we cannot tell what the element of production cost is going to be.

Mr. CANNON. But you do know the price of items entering into the cost of production?

General BURNS. Yes, sir. My definite impression is that all the prices are favorable.

Mr. CANNON. What is considered favorable? Is it your impression that they are about the same prices paid during the World War?

General BURNS. No; I think they are better than the prices we paid during the World War.

Mr. CANNON. They are cheaper?

General BURNS. They are cheaper; that is right. For example, in the World War we had to pay roughly 50 cents a pound for TNT. Our recent fixed-price contracts with some of the munitions factories for TNT were in the neighborhood of 15 cents a pound.

Mr. CANNON. That is a gratifying drop; a fall from 50 to 15 cents a pound.

General BURNS. Yes, sir.

Mr. CANNON. Can we attribute that decrease to market conditions during the last war, or have they developed methods of production which enable you to effect those economies?

General BURNS. I think the prices of raw materials have gone down, and the efficiency of production has increased—both.

Mr. SMITH. If I might add to that answer, in a general way—

Mr. CANNON. Yes.

Mr. SMITH. I am no expert on prices, but I know that in general so far as materials go at least, we have had no such disturbance with respect to prices as we had during the last war. Aluminum, for example, is probably the lowest in the history of the metal, in the face of the largest demand this country has ever had for aluminum. Is not that correct?

General BURNS. That is right.

Mr. SMITH. Would you say that that, in general, is true of most of the other items?

General BURNS. That is true.

Mr. SMITH. They are fairly stable or down. There may be some special items that are up, but the general answer to that question, I think, is that the costs are nowhere near what they were, during the last war, simply because there has not been any comparable disturbance in prices generally.

Mr. CANNON. That is a very satisfactory situation.

General BURNS. I would like to sum it up to you, Congressman, in order to get the statement clear.

Where we can compare our present prices with World War prices on the basis of fixed-price contracts, I think that our prices now are very favorable. In fact, I think they are considerably below World War prices. But, of course, where we are dealing with cost-plus-fee prices, we cannot tell you what the element of cost is going to be, because we have not reached the production stage yet. But I think we have every right to believe that those costs are going to be considerably below the World War costs.

Mr. CANNON. You expect to be able to adhere, then, in your cost-plus production to the price standards at which you have contracted with private companies up to the present time?

General BURNS. On the basis of fixed-price contracts.

COMPARISON OF PRICES IN ENGLAND AND THE UNITED STATES

Mr. CANNON. You are in close contact with the English situation, and you have exchanged with their purchasing agencies all information which might be considered to be of mutual value. What information have they given you as to the cost of production in England of the commodities inventoried in these categories, up to the present time?

General BURNS. I have not received any information. Have you received any information, Colonel, as to what they are paying?

Colonel AURAND. We have found that the prices for corresponding items are lower there than they are here.

Mr. CANNON. How do you account for the fact that the prices are lower there, when they have been in the war now for several years and working under war conditions, which would naturally be expected to inflate prices, as compared with prices extant in the United States under peacetime conditions.

Colonel AURAND. I cannot account for that, sir. It must be in their domestic situation on both price and labor control.

Mr. CANNON. When you analyze prices, what comparable element in the production of standard commodities is lower in England than in the United States?

Colonel AURAND. We have not received such a price analysis as yet.

Mr. CANNON. Mr. Smith, I take for granted that every consideration is being given to securing the materials enumerated in these categories at the most reasonable prices obtainable, and at favorable prices in comparison with prices at which they are being produced in England, where they are to be consumed?

Mr. SMITH. I can only say that I am confident that everybody is working to that end.

Mr. CANNON. That is one of the most essential things for which we can make provision at this time.

AGRICULTURAL PRODUCTS

(See pp. 13, 20, 35, 39, 51)

There are also in these inventories some materials for which, so far as we know, you were not called upon to make provision in the last war. For instance, agricultural products. In the last war, agricultural products for trans-oceanic shipment were bought by the governments to which consigned. So this seems to be a departure—or is it—that our Government is buying and transporting agricultural products?

Mr. SMITH. I assume it would be a departure from the first World War.

Mr. CANNON. What plans have you developed for procuring agricultural products under this bill?

Mr. SMITH. Those products, of course, would be procured under the supervision of the Department of Agriculture. If they were surplus products, they would be procured, probably, through the Surplus Commodity Corporation. In some other cases they might be purchased through the Procurement Division of the Treasury. But in any event the processing of those requests would have to be done by the Department of Agriculture and the Defense Commission to determine what effect the release of particular sorts of food products or agricultural products would have upon our own economy.

Mr. CANNON. You are under authority to send across existing material up to \$1,300,000,000. Would that be interpreted to include existing supplies of agricultural products?

Mr. SMITH. Yes, sir.

Mr. CANNON. If you should avail yourselves of this prerogative, would you probably transport agricultural products already in the possession of the United States—for instance, cotton, wheat, corn, or other farm products already under seal in warehouses, on which the United States Government has lent money—or would you buy it in the open market?

Mr. SMITH. I assume that would have to be determined at the moment by the Secretary of Agriculture in the light of what product it was that the British wanted and the effect of releasing that upon our own situation.

PROVISIONS IN PROCUREMENT CONTRACTS

(See p. 50)

Mr. CANNON. Have you with you now, Mr. Smith, copies of contracts or forms of agreements for the procurement of material or services under this bill?

Mr. SMITH. No, sir.

Mr. CANNON. Where are these contracts on file; in the War Department?

Mr. SMITH. There are no contracts, so far as I know, prepared specially—

Mr. CANNON (interposing). You tell us you have entered into contracts for the erection of facilities and for their operation after they are completed. Where are those contracts?

Mr. SMITH. I misunderstood you.

Mr. WOODRUM. They are not under this bill?

Mr. SMITH. No; nothing under this bill.

Mr. CANNON. But you will follow the same procedure in the expenditure of the funds provided by this bill. Where are those contracts?

Mr. SMITH. Existing contracts are filed in the War Department, and in the Navy Department.

Mr. CANNON. Could you supply sample copies of them for inspection by this committee?

General BURNS. Yes, sir. We have them available.

Mr. CANNON. When would they be available for the use of the committee?

General BURNS. We could give them to you within an hour or two. All we would have to do would be to send down to the Department.

Mr. CANNON. We would be glad if you could let us have them this afternoon.

General BURNS. Yes, sir.

Mr. CANNON. In a general way, what is provided in these contracts? Can you briefly summarize the major provisions of these contracts.

General BURNS. Take a large TNT contract; we have to build the plant and then we have to operate it, and in order to do that, generally speaking, we have three contracts, one for architectural and engineering work, one for construction work, and one for operation.

Mr. CANNON. Is that the plan followed in the construction of cantonments up to this time?

General BURNS. Substantially, except, of course, you do not have the operating contract in the case of a cantonment. I am not so familiar with that, because that pertains to a part of the Army to which I am not attached; but my understanding is that they have an architectural contract and they have a construction contract. Maybe the Quartermaster General could supply that information.

Mr. CANNON. Is it possible that contracts are too flexible or too indefinite, General Burns. We are told that in the erection of these cantonments your estimates were in some instances below actual costs of construction.

General BURNS. I would not attempt to speak on that, because I do not know about that.

Mr. CANNON. In making future contracts, under this bill, would it be possible to so revise those contracts as to secure construction and operation at a definite figure? Could they be so drawn that there would be no occasion for surprise and especially no occasion for this unexpected increase when the time came to pay?

General BURNS. Yes, sir. As I say, I do not know about the cantonments, because I have not been involved in them; but when it comes to these production-construction contracts, as we call them,

I think our estimates of production are reasonably accurate, so that there ought not to be any great surprise at any time during the building as to what the ultimate cost is going to be.

Mr. CANNON. There should be some way of knowing in advance and there should be some way of agreeing in advance as to what the cost will be. In building a house for private use, as members of this committee have done, we make a contract with the builder under which we know definitely what it will cost.

General BURNS. That is right.

Mr. CANNON. Would it be practicable for the Government to use similar foresight?

General BURNS. There are two principal reasons why we cannot do that as well as you can. In the first place, we have got to do some planning as we go along. We cannot have our plans complete at the start, because we are putting up these gigantic projects that sometimes run 20 or 25 million dollars, and our first concept of the objective is not always correct, and we have got to change the objective to meet the requirements as they develop. That is one big reason. Then, of course, as you know, there is no great fixity right now in the cost of labor and in the cost of raw materials, and so forth.

Mr. CANNON. If you enter into contract for a fixed price, that contract would be enforced.

General BURNS. That is right; but if you enter into a fixed price or so-called lump-sum contract now on a lot of these things the contractor is going to protect himself by a very high fixed price, because he is going to insure himself against rising labor costs and rising raw material costs, and all the rest of it.

Mr. CANNON. He could hardly insure himself against more than he is getting now without any insurance.

NEW OVERHEAD ORGANIZATION

(See p. 26)

Mr. CANNON. Supplementing Mr. Woodrum's inquiry, we have been informed—at least the press has informed or surmised—that there will be an inner group, official or unofficial, which will expedite production and otherwise supervise activities relating to the expenditure of money provided in this bill. Can you give us any information as to that phase of this program?

Mr. SMITH. I do not think that the details have been decided.

Mr. CANNON. You understand the question is not asked in a critical mood. With this extraordinary activity, on a scale never before contemplated, it stands to reason that there should be some special agency in a position to devote time and attention to its efficient administration. You have had no information on that up to this time?

Mr. SMITH. No, sir.

Mr. CANNON. What is your impression as to the likelihood of the establishment of such an agency?

Mr. SMITH. I think that some sort of policy committee, probably consisting of Cabinet officers whose departments are especially interested in this program, such as the Secretary of War and the Secretary of the Navy, will be established. I do not see very much

in the way of an organization that is necessary beyond the use of the established agencies. I would think that in the War Department there would probably be assembled some group of officers, perhaps attached to the staff, who would give attention to this.

General BURNS. That is correct.

Mr. SMITH. And a similar situation in the Navy; the War and Navy Departments being chiefly concerned with the largest sums in this bill; and my impression would be, for whatever it is worth, that certainly no great amount of special machinery is necessary.

Mr. CANNON. In your own bureau, what special routing provision, if any, will be provided to take care of this extra work?

Mr. SMITH. We will set up the procedures for the departments in routing their requests for allocation to us. As far as I can see at the moment, although we have not actually had an opportunity to appraise it, no great amount of additional staff is necessary.

Mr. CANNON. Of course, every precaution is being taken to see that every step is carefully considered and that every operation is scrutinized? As you know, there will be a day, after the close of the war, when all transactions will be subject to review. If there is a change in party control of the Government—and I do not say that in any invidious way, because that is the natural thing—committees of investigation will be appointed. The last time there was a change of administration, we appointed a committee of investigation that spent \$1,000,000 investigating the war. They never did find anything, but that is the routine, and we would like to know if you are taking every precaution to meet that reckoning when it comes, and whether your records will be in form to supply any information such a committee may require?

Mr. SMITH. Yes, sir; we shall certainly make every effort to see that this program is properly administered. No one, of course, can make complete guarantees.

AGRICULTURAL PRODUCTS

(See pp. 13, 20, 32, 51)

Mr. CANNON. Recurring to the category for agricultural products, General Burns, do you consider the ration, as a munition of war? Which is the more indispensable; food for the soldier or the gun which he carries?

General BURNS. Do you want to know my personal opinion?

Mr. CANNON. Yes.

General BURNS. I think it is absolutely as essential. I think ammunition for the man is just as important as ammunition for the gun; that is to say, food for the man is as important as ammunition for the gun.

Mr. SCRUGHAM. It is more important?

General BURNS. Yes.

Mr. CANNON. How will that be handled? Will procurement under this item follow the usual Army and Navy channels?

General BURNS. I think Mr. Smith is better able to answer that question than I am, because that has to do with agricultural products.

Mr. SMITH. As I pointed out before, it would certainly have to be processed by the Department of Agriculture. Now, as to the particular product that may be required at the moment, under the act, the

President would indicate what would be the appropriate agency to procure that product.

PRODUCTION COSTS AND PRICES

(See pp. 29, 48)

Mr. LUDLOW. I have noted that while you were discussing prices you stated that prices were not increasing, that they were stabilized; in some cases they were actually reduced. That does not hold true with reference to lumber?

Mr. SMITH. If I left that impression I should correct it. I was making a general comparison between the price situation now and the price situation in the last World War. Prices are increasing, of course, in some items, and we can submit probably some indices that would indicate it, but there is much less disturbance in prices than took place during the last war.

Mr. LUDLOW. I understand as regards lumber prices there has been some difficulty. Have you any particular knowledge of that; are you acquainted with that situation?

Mr. SMITH. I know in general about the problem. I would say, and it is my understanding, that lumber prices now are coming down.

Mr. LUDLOW. It looked for awhile as if the price of lumber was going to impose an insurmountable burden in the various construction programs, and I was wondering whether you had gone into that question to any extent.

Mr. SMITH. We were aware of the problem and secured our information concerning it from the Defense Commission.

Mr. O'NEAL. I am amazed at that statement. I have asked every witness who has come from the Army and the Navy, and without exception each one has stated that material costs and construction costs have been higher than they were a year ago; that labor is higher than it was a year ago. That was the universal answer, and I cannot understand the statement that material costs and labor costs are not appreciably higher.

Mr. SMITH. I did not make that statement.

Mr. O'NEAL. I think some explanation of that should be made. To all of the witnesses in these hearings I have asked the specific question and have received the statement in each case, that the costs were higher depending upon the material and cost of labor was higher.

General BURNS. Mr. Smith and I answered that question in the same way. Mr. Cannon asked us about comparative costs between now and the World War.

Mr. O'NEAL. Yes.

General BURNS. And we said that costs now were considerably less than they were during the World War.

Mr. O'NEAL. Yes; but in answering the question of Mr. Ludlow it was not put that way.

Mr. SMITH. I would like to clear that up. You are asking specifically with reference to prices of lumber, Mr. Ludlow?

Mr. LUDLOW. Yes.

Mr. SMITH. I am not prepared to answer in detail. I am aware of the problem that arose.

Mr. LUDLOW. Will you put something in the record on that?

Mr. SMITH. Yes.

(The information requested follows:)

Bureau of Labor Statistics wholesale commodity price indices (1926=100)

[Annual, 1913 to 1940, both inclusive; monthly, January 1940 to February 1941, and week ending Mar. 8, 1941, both inclusive]

Period	Raw materials	Lumber	Period	Raw materials	Lumber
1913.....	68.8	54.0	1935.....	77.1	81.8
1914.....	67.6	49.9	1936.....	79.9	87.0
1915.....	67.2	48.7	1937.....	84.8	99.7
1916.....	82.6	55.1	1938.....	72.0	87.4
1917.....	122.6	72.2	1939.....	70.2	93.2
1918.....	135.8	83.5	1940.....	71.9	102.9
1919.....	145.9	113.0	1940—January.....	73.8	98.7
1920.....	151.8	165.2	February.....	72.7	97.7
1921.....	88.3	88.9	March.....	72.0	97.4
1922.....	96.0	99.1	April.....	73.0	96.7
1923.....	98.5	111.8	May.....	72.0	96.0
1924.....	97.6	99.3	June.....	70.7	94.8
1925.....	106.7	100.6	July.....	70.7	94.8
1926.....	100.0	100.0	August.....	69.8	98.4
1927.....	96.5	93.1	September.....	70.5	107.1
1928.....	99.1	90.5	October.....	71.4	114.4
1929.....	97.5	93.8	November.....	72.6	117.5
1930.....	84.3	85.8	December.....	73.6	118.8
1931.....	65.6	69.5	1941—January (estimate).....	74.6	118.4
1932.....	55.1	58.5	February (estimate).....	73.8	117.4
1933.....	56.5	70.7	Mar. 8, week ending (estimate).....	74.1	117.1
1934.....	68.6	84.5			

NEW PLANT FACILITIES

(See pp. 14, 58)

Mr. LUDLOW. Will this material be produced in plants that are existing now and producing war materials at this time or does it mean the erection of a vast number of new facilities?

General BURNS. Some will be produced in existing plants, some will be produced in plants under construction, and a part also will be produced in the additional wave of plants that are going to be created.

Mr. LUDLOW. Will that additional wave be a large number?

General BURNS. It will be an appreciable number.

DISPOSITION OF DEFENSE ARTICLES

Mr. LUDLOW. I gather from my correspondence that one of the principal fears the people have about this lend-lease program is that it might impinge upon the requirements for our own national defense. What system have you set up or will set up to check that matter to see that it does not; that is, to see that the supplying of this material to the British to the vast degree indicated does not endanger our own defense? What will be the modus operandi to accomplish that?

General BURNS. Of course, you wrote into the law that the President had to consult the Chief of Staff before the items pertaining to the Army can be released to a foreign government.

Mr. LUDLOW. I was just wondering if the mechanics of the thing have been worked out.

General BURNS. The mechanics were started to the extent that no release of stocks or materials, or production, is being given out without the President consulting the Chief of Staff.

Mr. LUDLOW. And it is the intention to religiously follow that procedure?

General BURNS. It certainly is to be religiously followed, and the departments are gearing themselves up to do that.

BUREAU OF BUDGET TO COORDINATE DATA ON PROGRAM

(See p. 27)

Mr. LUDLOW. Where will the records of this vast transfer of material be kept; will they be kept in your office?

Mr. SMITH. I do not know exactly what sort of a system we will have, but the original records, of course, will be kept in the departments, with some provision for centralizing summaries.

Mr. LUDLOW. There will be a centralized office for records; is that the idea?

Mr. SMITH. Records will all head up at a central point; but they originate at various points—

Mr. LUDLOW (interposing). Have you any idea how many persons will be required to keep those records systematized at some central place?

Mr. SMITH. I do not know at this time.

Mr. LUDLOW. And you do not know yet how or to whom the records will be made available for inspection?

Mr. SMITH. They will be made available, of course, to the President.

Mr. LUDLOW. Will they be made available to committees of the Congress, or Members of the Congress?

Mr. SMITH. The President is to report every 90 days.

Mr. TABER (interposing). Mr. Smith, there is no question but what there is going to be an absolute record kept in some central place of all of these transfers?

Mr. SMITH. That is right.

Mr. TABER. And it is going to be kept so that it will be made available to the President and to the committees of Congress who have charge of this situation all of the time.

Mr. SMITH. That is right. Some records are of a confidential nature.

Mr. TABER. There will be some of them that you will have to keep from the public in your statement?

Mr. SMITH. That is correct.

Mr. LUDLOW. I want to ask you in that connection, do you not think that in keeping the records they will also be available to Members of Congress who have responsibility in this matter, especially to committees?

Mr. SMITH. There will be such records available.

Mr. LUDLOW. Britain has submitted a list of the requirements so far, I understand. Do you contemplate, or do you have any knowledge of any further list of Britain's requirements coming later on?

Mr. SMITH. I do not.

ADMINISTRATIVE EXPENSE

(See pp. 61, 63)

Mr. SNYDER. In setting up the personnel to take care of the added duties that will naturally come to each department, such as the Treasury, did I understand you to say you will pay the expenses of

personnel, for instance, in the Treasury in this way; that is, it would be taken out of the \$7,000,000,000 fund, or any additional fund to handle that requirement created by this demand?

Mr. SMITH. It will be taken out of the administrative expenses; yes; that is item (d) under the bill.

Mr. SNYDER. Most of this production for these various implements and materials are in the category that there will be just another production for the plants that are already in existence? For instance, you have a plant down here manufacturing certain types of shell; we have plants for those, and the same condition, the same contractual condition, will exist in putting out this order for the democracies, as exists at present?

General BURNS. I think that is correct.

AGRICULTURAL PRODUCTS

(See pp. 13, 20, 32, 35, 51)

Mr. SNYDER. My third question is with reference to the agricultural phase, Mr. Smith, in which you stated that the Department of Agriculture would have to come in on this. Have you called in the Secretary of Agriculture or anybody under him in your consultations up to the present time with reference to the commodities that are being taken up under this program?

Mr. SMITH. The Secretary of Agriculture and four or five members of his staff sat in with us in the discussion of this item as well as a representative of the Defense Commission concerned with food.

Mr. SNYDER. They can fulfill the conditions that might be asked of them in supplying these agricultural commodities?

Mr. SMITH. So far as they know them now.

Mr. O'NEAL. Mr. Smith, if any part of this should be off the record you are at liberty to delete it.

TITLE TO DEFENSE ARTICLES

(See p. 21)

This bill is not simply a lend-lease bill in that you have authority to do other things than lend and lease; that is, to make outright purchases and outright sales. In other words lend-lease is not fully descriptive of the powers conferred in the bill. Is that correct?

Mr. SMITH. That is right.

Mr. O'NEAL. I would like to ask this question: As I understand, the title to anything which the Government is transferring to some foreign power does not pass until actual delivery is made. Am I correct?

Mr. SMITH. That is my understanding. In some cases it may never vest, depending upon the agreement that is made.

Mr. O'NEAL. Now, if the war were to end very soon and delivery had not been taken the Government would be under no obligation to furnish the materials or to make them up for some foreign government; the Government would not be under obligation to go ahead, nor would the other government be required to pay; is that correct?

Mr. SMITH. I am not quite clear with respect to the last part of your question.

Mr. O'NEAL. For instance, you are under contract to deliver a certain amount of material to some foreign country, and if the war should end we would not continue to be under obligation to do that?

Mr. SMITH. Probably not.

Mr. O'NEAL. Or are they under obligation to pay for it?

Mr. SMITH. I assume they would not have to pay for things they did not receive.

Mr. O'NEAL. In other words, they would not be required to pay; and we could stop operating, and possibly salvage something from the money appropriated.

Mr. SMITH. Yes.

Mr. O'NEAL. Under this bill, title will not pass until the actual delivery takes place and no obligation to pay for it will accrue until delivery is ready. Am I correct in that?

Mr. SMITH. Obligation insofar as any foreign country is concerned?

Mr. O'NEAL. That is what I mean; yes.

Mr. SMITH. The terms of the agreement would decide that.

PROCUREMENT OUTSIDE UNITED STATES OF DEFENSE ARTICLES

(See pp. 21, 42)

Mr. O'NEAL. I would like to ask this further question: Under this law do you have authority to construct facilities both at home and abroad?

Mr. SMITH. We have authority to purchase from foreign countries.

Mr. O'NEAL. And to contract for the manufacture?

Mr. SMITH. That is not my understanding.

Mr. WOODRUM. You can purchase goods that are made abroad, but you cannot set up facilities in foreign countries.

Mr. O'NEAL. You can buy at home or abroad under the bill, but you cannot actually erect facilities outside the territorial limits of this country. Am I correct?

Mr. SMITH. That is my understanding.

Mr. JOHNSON of West Virginia. General Burns, you have stated, I believe, and it was approved by Mr. Smith, that by comparison of cost of articles that were purchased in the last war you found that prices now were lower?

General BURNS. That is correct; that is my understanding.

DISPOSITION OF PLANTS AFTER DEFENSE EFFORT HAS CEASED

(See pp. 14, 43)

Mr. JOHNSON of West Virginia. Going back to these factories, or these facilities that you propose to build, suppose the war would end, say, in 6 months or a year and England would be successful, what would be the need of these factories?

General BURNS. Well, I think the situation would have to be reviewed then and the general policy determined as to what we should do.

Mr. JOHNSON of West Virginia. But, in the meantime, we have gone into contracts to build these facilities.

General BURNS. Right.

Mr. JOHNSON of West Virginia. And they have already started construction?

General BURNS. As you know, exactly that same thing happened in the World War; we had a lot of plants under way, a lot of orders under way, and Congress passed a law in reality requiring the cancela-

tion of a great many of those projects. I presume the same thing would happen again, and we would have to work out a scheme for liquidating our war effort.

Mr. JOHNSON of West Virginia. That is what I want: Is there any cancelation clause in these contracts that would enable the Government to release itself from that obligation?

General BURNS. I do not recall whether we put in a cancelation clause.

NOTE.—When copies of contracts were produced it was found that they do contain cancelation clauses.

Mr. JOHNSON of West Virginia. So that, if the war should end within a year, we would have little or not need of these plants and their equipment?

General BURNS. No; I do not think we would need them; because, with the plants we have already started or will start with the money you have given us or will give us, I think we will have ample support for our military effort. This program is over and above that, and I have no doubt if the war stopped, with the situation reasonably favorable to us, we could liquidate a good deal of this.

SUPPLY OF ELECTRIC POWER

Mr. SCRUGHAM. Mr. Smith, a few months ago I read a statement emanating, I think, from the Federal Power Commission, that if the requirements for war munitions and such implements as are given in this lend-lease bill were continued we would face a serious power shortage in 2 or 3 years. Now, partly to rectify that situation, plans and specifications were presented to the Budget for authorizing funds for one or more power plants. I have particularly in mind the Bull's Head site on the lower Colorado River. Are you taking such factors of power shortage into consideration?

Mr. SMITH. Yes; we are.

Mr. SCRUGHAM. Has there been any action taken to prevent the power shortages?

Mr. SMITH. There has been action on several such plants. In fact, we have, with respect to every such issue that has arisen, consulted the Federal Power Commission and had their staff people in with us.

Mr. SCRUGHAM. I am interested in the Bull's Head project. You do not recall any Budget, action on that request for construction funds?

Mr. SMITH. No, sir.

Mr. WOODRUM. Any questions, Mr. Taber?

Mr. TABER. I am not going to ask any questions at this point. I have some questions with reference to the status of the British financial situation and what they would have available to pay, and I am going to ask just this one question:

I understand, Mr. Smith, you are prepared to answer those questions?

Mr. SMITH. Not at the moment, sir.

Mr. TABER. You are not?

Mr. SMITH. No, but I can get the information for you and for the record. The Treasury will furnish it.

Mr. TABER. When you come back here this afternoon, I would like to have you prepared for it, if you can do so. That information ought

to be available to the committee. I am not going to ask it, however, and I am going to suggest that we not ask it until after we get through with the detail of this bill.

PROCUREMENT OUTSIDE UNITED STATES OF DEFENSE ARTICLES

(See pp. 21, 40)

Mr. WOODRUM. Mr. Wigglesworth?

Mr. WIGGLESWORTH. I will pass also, except for one question. Under section 8, which Mr. O'Neal's interrogation referred to, it says—

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable.

I would simply like to ask if the request before us contemplates the purchase or acquisition of any arms, ammunition, or implements of war in any country other than the United States?

Mr. SMITH. It does not, so far as I know.

General BURNS. There is no plan under way to do that at all, that I have heard of.

Mr. TABER. That is not within the range of what you have brought here to submit?

General BURNS. No, sir; it is not.

PROCEDURE IN ADMINISTRATION OF FUNDS

(See p. 25)

Mr. DITTER. Now, Mr. Smith, just briefly: I confess I have not gotten into my head what the mechanics of this program will be. Let us assume we are to make 100 tanks: Will the allocation for that 100 tanks go into the War Department and be accounted for by the War Department, or will it be budgeted and carried through some new agency?

Mr. SMITH. It will be processed through the War Department exactly as our own munitions are processed.

Mr. DITTER. For instance, then, the War Department, in its supply account, or whatever the particular account might be, would have in there, first of all, the cost of these 100 tanks and then, if there were a credit established by the reason of the sale of those 100 tanks to Great Britain, that would be an offset item on the credit side of the account? Is that the way the operation would be handled?

Mr. SMITH. Yes.

Mr. DITTER. So that, to that extent, there would be a possible increase in the personnel needed by the War Department to handle this new overhead; is that right?

Mr. SMITH. Yes.

Mr. DITTER. This accounting?

Mr. SMITH. That is right.

Mr. DITTER. But, when it came to the administrative cost incident to that, it would not come out of the War Department's administrative funds, but would come out of this special administrative set-up that would be provided for under (d) in the bill?

Mr. SMITH. Right.

Mr. DITTER. Is my theory, generally speaking, correct?

Mr. SMITH. That is right. Otherwise, we would not be able to keep track of the additional amount of administrative expense due to the lend-lease bill.

Mr. DITTER. And the same thing would be true with reference to the Navy; for instance, if the Navy built a destroyer and had that destroyer transferred to Great Britain, the cost of that would be in "Construction and repair, engineering," and so on, and then whatever you sold it for would be a credit established on the other side of the ledger for it? Is that your general thought as to the way this thing will be carried out?

Mr. SMITH. That is right.

APPLICATION OF EXISTING LAW TO PROCUREMENTS

(See p. 27)

Mr. DITTER. Mr. Lawton, I confess—and this is not argumentative in any way, but in answer to one question, I think propounded by the chairman, as to the powers under this bill vested in the hands of the President, I believe you made the observation and used as an analogy the Walsh-Healey Act and said, for instance, that you felt there was no power in this bill, the lend-lease bill, for the President to set aside the terms of the Walsh-Healey Act. Was I correct in so understanding your statement?

Mr. LAWTON. I said that in its report the Committee on Foreign Relations, in interpreting this phrase—"Notwithstanding the provisions of any other law"—made that statement.

Mr. DITTER. Now for the present, we shall not set-up the Committee on Foreign Affairs as the interpretive body of what the law means, shall we?

Mr. LAWTON. Well, they are the committee that brought out the bill, and I assume are the best qualified to speak.

Mr. DITTER. Well, cannot we ask you, as a skilled expert, what your opinion is with reference to the powers here, rather than the Foreign Affairs Committee?

Mr. LAWTON. No; I am sure the interpretation of this law, in the executive branch, would have to be by the Attorney General.

Mr. DITTER. If I may pursue that further, you used the word word "conflict", "those things which would not be in conflict." There are some who feel that the Walsh-Healey Act is in conflict with the spirit and intent of the lend-lease bill. Now, would that change your opinion in any way?

Mr. LAWTON. I am afraid the Attorney General would have to decide that question; I could not.

DISPOSITION OF MATERIAL AFTER DEFENSE EFFORT HAS CEASED

(See p. 14)

Mr. JOHNSON of West Virginia. Just one question there: Pursuing Mr. Ditter's inquiry on the 100 tanks, suppose we built the 100 tanks under the lend-lease bill and then delivered them to England and they would get them over there and the war would stop, and perhaps those tanks would be intact—what would become of those tanks?

Mr. SMITH. Well, I should say it would depend on the terms of the agreement.

Mr. DITTER. It would be entirely dependent on the agreement, would it not, Mr. Smith?

Mr. SMITH. Yes.

Mr. DITTER. They might be loaned to them, or they might be sold to them?

Mr. SMITH. That is right.

Mr. DITTER. Or they might be leased to them; in fact, any one of a number of conditions might be present?

Mr. SMITH. Right.

Mr. JOHNSON of West Virginia. Well, suppose you lent them instead of selling them, what would physically become of those tanks? And, of course, what will apply to the tanks will apply to everything else, unless it be powder, which they would consume; but it would apply to airplanes, for instance.

Mr. SMITH. The agreement might provide for their return or, in the agreement, we might have traded tanks for some raw materials which we could secure from some of the British dominions. We might prefer that they keep the tanks and we keep the raw materials.

Mr. JOHNSON of West Virginia. Well, have you given that matter any thought?

Mr. SMITH. Those agreements will have to be worked out at the time articles are to be disposed of under the law.

Mr. JOHNSON of West Virginia. Well, now, you may have 100 tanks delivered in the next 90 days, and you do not know now whether you want potash, sulfur, tin, or what. Now, how are you going to take care of that situation?

Mr. SMITH. Well, the lease-lend bill provides under section 3 (b):

The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

Mr. JOHNSON of West Virginia. Well, we all admit that the success of England will be much to our advantage, and the President might come to the conclusion that, by reason of that fact, he would be justified in letting England keep the 100 tanks without repaying anything. Is not that true; could not that be so construed?

Mr. SMITH. It might be.

Mr. JOHNSON of West Virginia. In other words, we take a chance here on building all of these facilities and furnishing all of this material and, at the end of the war, England might have them without paying a dollar for them, or obligated to pay a dollar for them?

Mr. SMITH. I assume we take that chance.

Mr. JOHNSON of West Virginia. I say it is possible under this appropriation to do that?

Mr. SMITH. It is under the lend-lease bill.

Mr. JOHNSON of West Virginia. It would be possible?

Mr. SMITH. Yes.

PERSONNEL UNDER CIVIL SERVICE

Mr. TABER. Just one question. Now, these folks that are employed in the departments as the result of this bill, or anywhere else

insofar as the Government setup goes—will they be under the civil service, just like the rest?

Mr. SMITH. I assume that all existing laws with respect to personnel will be applied.

Mr. TABER. The civil-service requirements will not be waived for that purpose—for the purpose of handling this bill?

Mr. SMITH. All the present provisions would apply.

Mr. DITTER. And there will be no new bureau established, no new alphabetical agency? Is that right, Mr. Smith?

Mr. SMITH. I do not know of plans for any.

Mr. DITTER. There will be no B. A. B., for instance?

Mr. SMITH. I do not know of any.

Mr. LUDLOW. What about the ability of the Civil Service Commission to supply all of the personnel needed in this very vast expansion?

Mr. SMITH. They seem to be doing it now, and are doing a very good job of it.

Mr. LUDLOW. Up to date?

Mr. SMITH. Yes.

FRIDAY, MARCH 14, 1941.

STATEMENT OF WILLIAM S. KNUDSEN, CHAIRMAN, OFFICE OF PRODUCTION MANAGEMENT

CONTRACTS HERETOFORE PLACED FOR PLANTS AND MATÉRIEL

Mr. WOODRUM. Mr. Knudsen, the committee has before it estimates in the amount of \$7,000,000,000 for the implementing of the lease-lend bill. A very important part of that, of course, is represented by funds for expediting production and providing for extra production. The committee would be very glad to have any statement you wish to make on the subject, following which we shall ask you questions.

Mr. KNUDSEN. Mr. Chairman, would you care to know where we are today, what we have done up to date?

Mr. WOODRUM. The committee would like very much to know that.

Mr. KNUDSEN. I might start by saying that since we came down here in June, the total contracts placed for matériel, not for facilities, up to date, amount to almost \$12,600,000,000.

In order to handle this amount of work, we have spent for Government plants, or contracted for, \$1,574,000,000. That has been spent in 302 establishments.

On top of that, the British have financed 61 plants in the amount of \$171,000,000.

We have certified privately financed plants in the number of 421 at a cost of \$393,000,000. So that the total amount that we have as of today of plant expenditure, is \$2,138,000,000. These are only prime contracts, to the largest extent. There are a number of privately financed subcontracts which we have no record of. We are only dealing, of course, with Government contractors. That is where we are today.

NUMBER AND TYPE OF PLANTS HERETOFORE PROVIDED FOR

I can tell you how the plants are distributed, if you are interested.

Mr. WOODRUM. Yes, sir.

Mr. KNUDSEN. Aircraft: We have 11 engine plants, 20 plane plants, and 66 parts and accessories plants.

Ammunition and ammunition components: We have 11 plants on explosives, 3 on small arms ammunition.

Shells, bombs, and torpedoes, 18; munitions loading plants, 9.

Guns: We have 5 plants on machine guns, 2 on other small arms, and 27 on artillery.

Ships: 40 establishments have been started or enlarged.

Tanks, 5.

Armor plate and heavy forgings, 12.

Machine tools, 20.

Optical instruments, 9.

Miscellaneous, such as chemicals, 5.

Metals, 7.

Pumps and blowers, 5.

Ship engines, propelling machinery, 3.

Miscellaneous, 5.

In addition to that, we have rehabilitated existing arsenals to the number of 19.

That totals up to 302, the figure I gave you a minute ago.

Mr. WOODRUM. Those plants are either already in operation or in the course of construction?

Mr. KNUDSEN. Yes, sir.

Mr. KNUDSEN. We expect to have all of those completed by July.

Mr. TABER. The list that you gave us includes only Government-owned establishments altogether?

Mr. KNUDSEN. Yes, sir; Government financed.

Mr. TABER. What is that?

Mr. KNUDSEN. Government financed.

Mr. TABER. That does not include the 421 private plants?

Mr. KNUDSEN. That is right.

Mr. TABER. Those are in addition to that?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. What is the total number of plants available for the various facilities enumerated, both public and private?

Mr. TABER. He has done that already; 421 private, 302 Government, and 61 others.

Mr. KNUDSEN. There is a total of 784.

Mr. CANNON. What we are interested in knowing is how many of each class; how many for explosives, how many for ordnance, how many for small arms, and in each case public or private.

Mr. KNUDSEN. I do not have the figures of the private plants. I brought Government figures here.

Mr. CANNON. Are the figures for private plants available?

Mr. KNUDSEN. Surely, we can get them for you.

Mr. CANNON. You can supply them?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. In determining the number of these plants, were you governed by the number that you needed or by the number available?

Mr. KNUDSEN. We were guided by what the schedule required.

Mr. CANNON. You have made arrangements for every manufacturing facility you need or desire, or that could be profitably used for the purpose; you have no need for additional facilities outside of these plants?

Mr. KNUDSEN. For the present Army program, yes.

Mr. CANNON. Does that include the entire program to be undertaken under the 7 billion dollar proposed expenditure?

Mr. KNUDSEN. No, sir.

Mr. CANNON. In what respect does it not include all of the 7 billion dollar expenditure?

Mr. KNUDSEN. I have said that the total amount of contracts that we had placed was \$12,600,000,000. That is the money that Congress granted us before the lend-lease bill came up.

FACILITIES PROGRAM UNDER FUNDS FOR DEFENSE AID TO OTHER COUNTRIES

(See p. 53)

Mr. CANNON. What expansion will be made possible by the appropriation of this money?

Mr. KNUDSEN. We have not definite quantities yet. As I know it, there is something around \$700,000,000 planned for additional plant capacity under the program of the lend-lease bill. In addition to that, we have about \$700,000,000 that is now before the House.

Mr. CANNON. Your report, then, to the committee, up to this time is a report on program expenditures and facilities heretofore provided, and which would be continued if none of these funds were expended?

Mr. KNUDSEN. That is correct.

Mr. CANNON. Now, we are interested in how you propose to expend the \$7,000,000,000.

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. What expansion of program will be undertaken and what additional factory facilities will be had as a result of the appropriation of this \$700,000,000?

Mr. KNUDSEN. A board has been set up by the Army to give us a schedule and suggestions for the plants required to handle the \$7,000,000,000 program. We have some preliminary figures that indicate that we will need a certain number of plants, and as soon as the board furnishes us with the schedule, it will be up to us to check, and we will then go ahead and provide for the facilities.

Mr. CANNON. You have not yet received the schedule and you are not in position to say what will be done with this additional fund when it is appropriated?

Mr. KNUDSEN. We have a preliminary schedule. We had the preliminary schedule for the second Army proposal. We have a sort of forecast. We generally try to find out in advance as far as possible. We have a forecast covering the \$7,000,000,000. But it is not in final form. It mentions the different items that are required to be provided.

Mr. WOODRUM. That \$700,000,000 is in the bill we are now considering?

Mr. KNUDSEN. This \$700,000,000 deals with the lend-lease bill. This deals with the facilities required to meet the lend-lease bill.

Mr. WOODRUM. That is what you are speaking of now?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. Will the plans for the expenditure of the money provided by this bill be a mere projection of the facilities already provided or will you spend this money in different avenues or in different proportion from that already provided?

Mr. KNUDSEN. You mean whether we will extend certain of the plants that we have, or expand them?

Mr. CANNON. Yes; in the same ratio.

Mr. KNUDSEN. That is, we will expand certain plants that we have now?

Mr. CANNON. Or will there be any considerable difference in the allocation of the money provided in the bill?

Mr. KNUDSEN. We will have to build more plants.

Mr. CANNON. Will you use to the fullest extent all private plants available?

Mr. KNUDSEN. Yes, sir; we will have to use, especially in machining more of the existing machine capacity. In other words, we will have to round that up.

Mr. CANNON. Then there is no plant which can be utilized in manufacturing explosives, ordnance, guns, or plants, or other matériel that will not be used for that purpose when this money is made available?

Mr. KNUDSEN. To the extent that the machinery will handle parts. You understand, we have no complete plants that will handle these things. We will subcontract orders as much as we can, for parts.

Mr. CANNON. What cooperation do you anticipate from owners of private plants?

Mr. KNUDSEN. We expect to have a greater use of subcontracting facilities than we have had to date. We are using a great many subcontractors now. But we will organize the country to get the additional machine capacity inventoried for purposes of parts making.

PRODUCTION COSTS AND PRICES

(See pp. 29, 36, 51)

Mr. CANNON. What terms do you get from private plants, Mr. Knudsen? How does the cost of material manufactured in Government plants compare with the cost of material manufactured in private plants?

Mr. KNUDSEN. I think that it compares very well.

Mr. CANNON. Does it cost more when the private plant makes it, or when the Government makes it.

Mr. KNUDSEN. Well, you understand, sir, the so-called Government plants that you are talking about are managed by private corporations.

Mr. CANNON. What is the difference in the arrangement you have with a firm that operates your own plants for you, and the contracts you make with private plants whose output you take?

Mr. KNUDSEN. There is no difference there.

Mr. CANNON. Do you have a standardized form of contract that you use as the basis for agreement with private plants and companies which operate your own plants?

Mr. KNUDSEN. There are three forms of contracts.

Mr. CANNON. What are those three forms?

Mr. KNUDSEN. The first one is a straight competitive bid.

Mr. CANNON. You go out and announce that you are in the market for certain material.

Mr. KNUDSEN. That is right.

Mr. CANNON. And the man who will agree to make it for the least money gets the contract?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. How long have you been making contracts of that character?

Mr. KNUDSEN. We are doing it every day.

Mr. CANNON. What trend do you notice in the bids you are receiving? Is the material you buy costing you more or less?

Mr. KNUDSEN. You mean over a period of time?

Mr. CANNON. Yes; from the time you made your first contract. When did you make your first contract?

Mr. KNUDSEN. The Army and Navy, of course, made contracts in June. I do not make any contracts.

Mr. CANNON. That is June 1940?

Mr. KNUDSEN. Yes.

Mr. CANNON. And your last contract, doubtless, was made today?

Mr. KNUDSEN. Perhaps.

Mr. CANNON. What trend have you noticed in the terms you are receiving from private industry?

Mr. KNUDSEN. That depends entirely on the item. On some items the cost has gone up. On some, it has remained fairly stationary. Take, for instance, food. I do not think there has been any increase at all on food. On textiles, there has been some slight increase. But in machine work I do not know of any instance that I can point out to you where the increase has been of any moment, so far.

Mr. CANNON. You are able to get products of machine work at as low a price now as you were able to get them when you made your first contracts in June?

Mr. KNUDSEN. I would imagine so, depending somewhat on the locality.

Mr. CANNON. We would be interested in knowing what was paid for machine goods in June and what is the price of the same material now.

Mr. KNUDSEN. Do you mean machine tools?

Mr. CANNON. Either tools or other machine goods.

Mr. KNUDSEN. I am sorry, sir, but I cannot answer that accurately. I can only give you my opinion of the trend. I think there has been a slight rise in the cost of doing machine work, but if it is done with the proper tooling, it does not amount to very much.

Mr. CANNON. Are you manufacturing machine guns?

Mr. KNUDSEN. Only in one plant. The other four plants will be in operation some time beginning in May and through June.

Mr. CANNON. Have you made contracts with the other four that will go into operation?

Mr. KNUDSEN. Yes; but we made the contract on an experimental basis. The first 5,000 guns would be made at an estimated cost and a fixed fee. Then after the 5,000 guns were made, a price would be set.

Mr. CANNON. How will you determine the price when it is set?

Mr. KNUDSEN. We will determine that from the cost figures we have from the company that is operating on a fixed-price basis.

Mr. CANNON. You will just take the company's price or do you have an opportunity to analyze bids and go into costs of labor, material, overhead, and depreciation, as for a price based on costs of production?

Mr. KNUDSEN. Indeed, sir; that is our job.

Mr. CANNON. You follow the latter method?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. You analyze production and you get a price based on the cost of production?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. Then the only way in which prices of goods which you will send to England under this bill would vary, would be because of a change in the cost of production?

Mr. KNUDSEN. That is right.

Mr. CANNON. What items in the cost of production are subject to variation?

Mr. KNUDSEN. Wages and the price of materials.

Mr. CANNON. What trend do you expect in those two items between now and a year from now, or any time during the life of this legislation?

Mr. KNUDSEN. We hope to hold the cost as nearly uniform as we can.

Mr. CANNON. Are you in a position to do that; will costs be subject to outside influence, over which you have no control?

Mr. KNUDSEN. Of course, we really have not any control of the price of labor. We can only negotiate and try to hold the increase down to as little as possible. But on materials, we have not any right to establish a price ceiling, so to speak. But we try to get to the manufacturers and prevent them from making any increases.

Mr. CANNON. You say that the price you have to pay for labor is subject to revision?

Mr. KNUDSEN. Yes, sir.

CANCELATION CLAUSES IN CONTRACTS

(See p. 32)

Mr. CANNON. At the close of the last war millions of dollars were paid holders of contracts with the United States, similar to those to which you refer, on the plea that the war ended unexpectedly, and that they had suffered loss on contracts. The payment of considerable amounts of money was made in order to reimburse them for losses due to the unexpected cancellations. In the course of these reimbursements a check for \$50,000 was sent to the Eastman Kodak Co. They returned the check with the statement that they were not entitled to anything. That is the only instance among many reimbursements in which a check was refused. More frequently checks were returned with the complaint that they were insufficient. The Government was at the mercy of manufacturing firms with which it had entered into contracts without provision for such a contingency. Now, in the contracts which you will enter into, under the provisions of this law, will you provide a basis on which you will settle in the event of peace and the discontinuance of the contracts before they are completed?

Mr. KNUDSEN. There is a cancellation clause. Every contract has that.

Mr. CANNON. Under the cancellation clause there is a formula on which you will be able to negotiate a reasonable settlement if the war should end before contracts are executed?

Mr. KNUDSEN. To the best of my knowledge the Government contracts have a cancellation clause in them. Mr. Smith has handed me the termination clause put in by the Government, which, of course, means that it works both ways. If the contractor fails to carry out the contract with the Government, the Government may take the plant over and turn the work over to someone else and the contractor would be liable for the excess cost that might be incurred by reason of having the articles manufactured elsewhere. I am sure that if the Government should end any contract with the termination of the war, the contract provisions deal with that separately.

Mr. CANNON. What does this contract form provide?

Mr. KNUDSEN. In other words, if the contract is incomplete, and the Government chooses to cancel it at certain points, then there is a settlement as to the disposition of the materials and other things that might be on hand. I had the negotiation of a couple of them in the last war. I came down to Washington, and they paid for the facilities what they were worth, and the Government gave a check for the balance. I do not know what you refer to, unless someone, for instance, made a 10-percent profit on an order, and claimed a 100-percent profit.

Mr. CANNON. You are making provision for such contingencies?

Mr. KNUDSEN. Yes, sir.

AGRICULTURAL PRODUCTS

(See pp. 13, 20, 32, 35, 39)

Mr. CANNON. How do you propose to acquire and transport food which, under this bill, will be sent to England?

Mr. WOODRUM. You do not have anything to do with that, do you, Mr. KNUDSEN?

Mr. KNUDSEN. No, sir; my business is that of production.

Mr. CANNON. You mentioned food, did you not?

Mr. WOODRUM. Mr. Knudsen does not handle the agricultural end of it.

Mr. CANNON. Mr. Knudsen, have you heard any comment as to how agricultural products would be acquired and transported overseas? Do you have any information on that at all?

Mr. KNUDSEN. Food is generally handled on the bid basis by the Quartermaster's Department. The Quartermaster's Department buys it under bids, and that is not within my province.

PRODUCTION COSTS AND PRICES

(See pp. 29, 36, 48)

Mr. CANNON. When these materials, guns, ammunition, tanks, airplanes, are delivered to England, what credit do we get from the English Government? Are they inventoried at the cost of production?

Mr. KNUDSEN. I have not the faintest idea.

Mr. CANNON. What record is kept of the material delivered to England? There must be some accounting for it somewhere. How do we know what it is worth. What system of bookkeeping is being followed to determine what credit we will get on the books of the English Government? If there is reimbursement, on what basis will that reimbursement be made?

Mr. KNUDSEN. I do not know anything about that at all. The value of the equipment would be known to the contracting agencies of the Army and Navy.

Mr. CANNON. Your work is limited to production alone?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. You see that the factories turn the material out?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. And you have no information as to what becomes of it after it leaves the plants?

Mr. KNUDSEN. No, sir.

Mr. CANNON. To whom do you submit your statements of cost of production? You keep an account of the cost of production, do you not? If so, where does it go?

Mr. KNUDSEN. I do not keep an account of cost of production. We check up and enter into contracts at prices which the Army and Navy may obtain for the articles.

Mr. CANNON. You know the cost of producing the material?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. With whom do you file that information?

Mr. KNUDSEN. We do not file it with anybody. The War Department or Navy Department would have the figures.

Mr. CANNON. The War Department has data in its files as to the cost of production?

Mr. KNUDSEN. Yes, sir.

Mr. CANNON. You do not know what is the cost in the plant which produces the material?

Mr. KNUDSEN. Yes, sir; but I do not carry any files, or keep any cost system.

I check that over in the light of my experience, and give my judgment as to whether it is high or low, and there it ends.

Mr. CANNON. You must have some figures in order to know whether the price the manufacturer is charging is in compliance with his contract. You must have some figures somewhere.

Mr. KNUDSEN. Documents that come to me contain figures, and we check them.

Mr. CANNON. Where do they come from?

Mr. KNUDSEN. From the procurement departments.

Mr. CANNON. Where do those documents go after they leave you?

Mr. KNUDSEN. Back to the contracting division where the contracts are made.

Mr. CANNON. Does the Army have it?

Mr. KNUDSEN. The Army negotiates it, in the first place, and sends it to me for checking.

Mr. CANNON. Do you think that under the system you are following, the Government is getting a dollar's worth of service or goods for every dollar spent? In other words, will we receive \$7,000,000,000 worth of service for the \$7,000,000,000 expenditure in the procurement of these items?

Mr. KNUDSEN. I hope so, and I imagine we will.

FACILITIES PROGRAM

(See p. 47)

Mr. WOODRUM. Mr. Knudsen, you have given a statement of what we have done up to date in the way of providing facilities.

Mr. KNUDSEN. Yes, sir.

Mr. WOODRUM. There are additional facilities that, in your preliminary estimates, you think may be necessary in order to take care of the articles that you may be required to furnish to Great Britain or the other countries coming within the purview of the lend-lease bill, on the basis provided in the bill?

Mr. KNUDSEN. Yes, sir.

Mr. WOODRUM. Of course, no contracts have been let for those facilities, and there has been nothing more than preliminary studies made.

Mr. KNUDSEN. That is right.

Mr. WOODRUM. Will you be able to get those needed facilities constructed within a reasonable time and to get prompt deliveries?

Mr. KNUDSEN. I think so. In fact, I know we can.

Mr. TABER. Mr. Knudsen, referring to the items in the bill, do you have information as to the quantity that can be procured through existing facilities?

Mr. KNUDSEN. Yes.

Mr. TABER. What about the facilities that the British are currently using? They are going to be available in some volume, will they not?

Mr. KNUDSEN. Yes, sir.

Mr. TABER. They are getting quite a lot of airplane engines and that sort of thing. The total figure is \$171,000,000. They are occupying a lot of other facilities, and are drawing on private outfits besides that.

Mr. KNUDSEN. Of course, it turns mostly on airplane engines, and, generally, the airplane plants are not complete projects, but are merely additions to some other projects. It is not a contribution that you could say would have a separate value in the production program.

Mr. TABER. You mean that in order to put the program into effect at all, and to get the stuff out within the time, you must have all these additional facilities?

Mr. KNUDSEN. That is correct.

Mr. WOODRUM. If you get these facilities, you will be able to fill the needs?

Mr. KNUDSEN. Yes, sir.

Mr. TABER. What about the details of these British items and their requirements? Are you posted on that, or would you prefer to have someone else tell us about that?

Mr. KNUDSEN. There is a gentleman here from the War Department who will explain that.

ADVANCES TO CONTRACTORS

Mr. TABER. To what extent do you know about what advance payments will have to be made in connection with the procurement of these different items, or as to whether, or not, a very considerable portion of these items will require cash, or an advancement of cash?

Mr. KNUDSEN. I think the Government contracts cover that.

Mr. TABER. You do not know how much that will be?

General BURNS. By and large, we will advance 30 percent of the contracts.

Mr. TABER. And as you go along, you will make payments besides that?

General BURNS. Yes, sir.

Mr. RABAUT. Mr. Chairman, a great many questions both on and off the record have been asked of Mr. Knudsen—questions which should not have been put to him at all. Mr. Knudsen is a production manager. His name is dynamic in my city of Detroit, and for many months it has been dynamic throughout the country. He is a getter of the first rank. He has said what his job is. His job is to have these things produced, and get them off the line. If you will leave him alone, he will get them off the line. The Ford Motor Car Co. knows how efficiently he put products off their line, and General Motors salutes his ability for production in their plants. Everyone in the United States is riding around with their feet in Knudsen's product. The whole of them are riding around with Knudsen, and the world will be riding with him soon. I am happy, as a Michigan Representative, to pay this tribute to him, in the record.

Mr. LUDLOW. In line with Mr. Rabaut's observation, I want to ask Mr. Knudsen, who is in charge of production, whether the units of production are coming off of the line as rapidly as you expected?

Mr. KNUDSEN. We are going ahead with the tooling all right. We started to make tools last fall, and it will take a good deal of time to make them.

Mr. LUDLOW. Is the program going on as well as you would like?

Mr. KNUDSEN. I would not say I am satisfied, because I would never be that.

Mr. LUDLOW. As Mr. Johnson observed awhile ago, nobody knows what will come out of this situation. There may be peace within 6 months. Is there a straight-out cancelation clause in the contracts?

Mr. KNUDSEN. Yes, sir; I am sure there is.

PERSONNEL OF WAR DEPARTMENT FACILITIES BOARD

Mr. POWERS. Mr. Chairman, Mr. Knudsen mentioned during his testimony the setting up of a new board to ascertain just what facilities are needed under this bill. Might I ask that at this point in the record there be inserted the names of the members of the board which is set up or is to be set up?

Mr. WOODRUM. Yes; it is a War Department board, is it not?

Mr. KNUDSEN. Yes, sir; for the sake of double-checking.

Mr. POWERS. Just insert it in the record.

(The statement requested is as follows:)

The War Department Facilities Board consists of the following officers:

Brig. Gen. Harry K. Rutherford, O. A. S. W., chairman.

Brig. Gen. Charles T. Harris, Ordnance (or an alternate designated by him).

Brig. Gen. Thomas M. Robins, Corps of Engineers (or an alternate designated by him).

Brig. Gen. Eugene Reybold, A. C. of S. (or an alternate designated by him) by agreement.

Brig. Gen. Oliver P. Echols, A. C. (or an alternate designated by him).

Brig. Gen. Brehon B. Somervell, Quartermaster Corps (or an alternated designated by him).

Lt. Col. Theron D. Weaver, Corps of Engineers, O. A. S. W.

Mr. SNYDER. Mr. Knudson, you have a Site Board now, have you not?

Mr. KNUDSEN. The Army and Navy have a Site Board.

Mr. SNYDER. Do these sites come to you or are they settled before they come to you?

Mr. KNUDSEN. They come to me to be approved finally.

Mr. WOODRUM. Mr. Knudson, is it very important to get this matter settled at the earliest possible moment?

Mr. KNUDSEN. Yes, sir.

Mr. WOODRUM. Days count, do they not?

Mr. KNUDSEN. Yes, sir.

Mr. WOODRUM. Thank you very much for coming up, Mr. Knudson.

ORDNANCE AND ORDNANCE STORES

Now, Mr. Smith, will you take this first category of ordnance and ordnance stores, \$1,343,000,000? Can you give us, either on or off the record, any kind of a break-down as between the different items in that category?

(Off the record discussion.)

Mr. TABER. Does each of these items represent a request of the United States Government by the British?

Colonel AURAND. Yes, sir.

Mr. TABER. Within what time would you expect deliveries to commence on most of these items?

Colonel AURAND. My answer is that we can begin deliveries under the \$1,300,000,000 limitation just as soon as the administration sees fit, as a matter of national policy, to commence those deliveries.

Mr. TABER. And that would apply to almost every item that is contained in this Army set-up?

Colonel AURAND. Yes, sir.

Mr. TABER. You would not want to answer for the record within what time you thought you could complete the major part of these expenditures?

(Off the record discussion.)

Mr. TABER. How much of these items will require considerable advance payments so as to permit the manufacturer to procure his material and that sort of thing to go on with the job?

Colonel AURAND. I think they will have to be completely financed for the fiscal year 1942.

Mr. TABER. That is, there will not be any substantial items that would hang over beyond that, as far as financing them goes?

Colonel AURAND. That is correct, sir.

FRIDAY, MARCH 14, 1941.

Mr. WOODRUM. We will take up the item of Ordnance and Ordnance Stores as it applies to the Navy, and we will ask you, Commander, to give us a break-down of these items.

(Off the record discussion.)

Mr. LUDLOW. What will be the dollar volume of this expenditure which would not be usable for our own Navy, approximately?

Commander TAWRESEY. About 12 or 13 million dollars.

Mr. DITTER. Out of how much?

Commander TAWRESEY. Out of the total.

Mr. TABER. How much of that can go right into our own facilities? The small item certainly can, can it not?

Commander TAWRESEY. Yes, sir.

Mr. TABER. Of the items of ordnance that are to be procured by the Navy Department, within what time can deliveries begin to be made under orders that might be placed?

Commander TAWRESEY. Deliveries can begin immediately, sir. The Navy is in exactly the same situation as the Army in that respect.

Mr. TABER. Within what time can they be completed?

Commander TAWRESEY. It is contemplated that they would be completed by the end of the fiscal year 1942.

AIRCRAFT AND AERONAUTICAL MATERIAL

Mr. WOODRUM. Aircraft and aeronautical material, including engines, spare parts, and accessories.

Mr. SMITH. That is split between the Army and the Navy.

Mr. WOODRUM. Colonel Aurand.

(Off the record discussion.)

Mr. TABER. You said in many cases you could begin delivery of items specified immediately.

Colonel AURAND. In some cases; not many of them.

Mr. TABER. Would you give us an idea when you could begin delivery?

Colonel AURAND. In a relatively short time.

Mr. TABER. Can you tell us that generally a substantial part of these items can be delivered—

Colonel AURAND. I can say that in case of aircraft items we need the entire amount of money for expenditure during the fiscal year 1942.

Mr. TABER. You mean by that you will have to have advanced payments to take care of procuring the material.

Colonel AURAND. And payments on contracts as deliveries take place.

Mr. TABER. So that all of this would be required in 1942?

Colonel AURAND. Yes.

Mr. LUDLOW. Does this involve the acquisition of any land?

Colonel AURAND. Yes; a small amount for facilities.

TANKS, ARMORED CARS, TRUCKS

Mr. WOODRUM. Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts and accessories.

(Off record discussion.)

Mr. DITTER. Within what time do you need this money?

Colonel AURAND. At once.

VESSELS AND OTHER WATERCRAFT

Mr. WOODRUM. Vessels, ships, boats, and other watercraft, and equipage supplies, materials, spare parts, and accessories.

(Off the record discussion.)

Mr. DITTER. Are there any facilities in connection with that item?

Commander TAWRESEY. Yes, sir.

Mr. DITTER. How many idle ways do we have at the present time?

Commander TAWRESEY. I cannot answer that.

Mr. DITTER. Is the work to be done at Government or private yards?

Commander TAWRESEY. So far as I know, at private yards.

Mr. DITTER. Is there an item for expansion?

Commander TAWRESEY. Yes.

Mr. LUDLOW. Is all of this equipment standard equipment for our own Navy?

Commander TAWRESEY. The same type that we use in our own Navy, yes.

Mr. TABER. Now the part of this item of \$629,000,000 for vessels, ships, boats, and other water craft is in this bill belongs to the Navy. Within what time can you begin to get deliveries on those?

Commander TAWRESEY. You mean, Mr. Taber, we can begin to get deliveries of those we propose to acquire here, or begin to get delivery for somebody else?

Mr. TABER. Can you begin to make deliveries on this proposition?

Commander TAWRESEY. We can begin immediately.

Mr. TABER. And within what time will you need the last dollars that come to the Navy under it?

Commander TAWRESEY. We need it all in the fiscal year 1942.

Mr. TABER. By the end of 1942?

Commander TAWRESEY. Yes, sir.

Mr. TABER. Now, have the British requested each of those items that are involved here?

Commander TAWRESEY. Yes, sir.

Mr. TABER. Does that same thing apply to the aircraft figure; have the British requested each of those items?

Commander TAWRESEY. Yes, sir.

Mr. TABER. And, Colonel Aurand, as to the tanks and the aircraft that are coming through the Army; have the British requested each of those items?

Colonel AURAND. Yes, sir.

Mr. WOODRUM. Have you an Army item on this, Colonel?

Mr. SMITH. No; but there is a Maritime Commission item.

Mr. WOODRUM. Who can tell us about that?

Mr. SMITH. I will.

(The discussion which followed was off the record.)

Mr. TABER. As to the part of the \$629,000,000 that will go to the Maritime Commission: Each of these items that are involved has been requested by the British?

Mr. SMITH. Yes.

Mr. TABER. Within what time do you expect that money to begin to be required?

Mr. SMITH. It is expected that this money will be needed in 1942.

MISCELLANEOUS MILITARY EQUIPMENT

Mr. WOODRUM. Now, what about the item for miscellaneous military equipment, supplies, materials, \$260,000,000?

Colonel AURAND. Mr. Chairman, there are four pages here of detailed items in this miscellaneous military equipment.

(Discussion which followed was off the record.)

Mr. WOODRUM. Now, you can get all of that equipment and furnish it to them in the time they say they want it?

Colonel AURAND. Yes, sir; this equipment can, in general, be obtained in the time requested.

Mr. WOODRUM. And can be had by when?

Colonel AURAND. The funds will be required in the fiscal year 1942.

Mr. WOODRUM. And the deliveries can be made within that time?

Colonel AURAND. Yes, sir.

(Discussion which followed was off the record.)

FACILITIES AND EQUIPMENT FOR PRODUCTION

(See pp. 14, 37)

Mr. WOODRUM. Now tell us about the next item "Facilities and equipment for the manufacture or production of defense articles," \$752,000,000.

Mr. SMITH. You have had a good deal of information on that, but let me give you the break-down in the broad categories, as a matter of review.

(Discussion which followed was off the record.)

Mr. TABER. Within what time will you require all of this money?

Mr. SMITH. I would say definitely in 1942.

General BURNS. That is right.

Mr. TABER. Now let me ask you a general question to apply to every one of these items: How much of this money is going to be required for the construction of houses, if any?

Mr. SMITH. None of it.

Mr. TABER. None of the money is for houses or housing facilities?

Mr. SMITH. No; just for plants. You meant for dwellings?

Mr. TABER. For dwelling houses or housing facilities for people.

Mr. SMITH. None of it.

AGRICULTURAL, INDUSTRIAL, AND OTHER COMMODITIES

(See p. 64)

Mr. WOODRUM. Now take up the next item for "Agricultural, industrial, and other commodities and articles," \$1,350,000,000.

Mr. SMITH. The next item groups several things.

(Discussion which followed was off the record.)

Mr. CANNON. What agricultural products are being considered for purchase under this act?

Mr. SMITH. Well, as I understand it, there is cheese, dried eggs, milk, pork, and canned goods of various sorts and numerous other items.

Mr. CANNON. Is any of the money to be spent for agricultural products produced outside of the United States?

Mr. SMITH. I do not know of any, I am sure.

Mr. CANNON. Is it your impression that all of the funds from this seven billion to be spent for agricultural products, will be spent in the United States?

Mr. SMITH. This will be processed by the Secretary of Agriculture and I assume he would insist on that.

Mr. CANNON. What arrangements have been made for purchase in the United States by foreign governments of agricultural products or foodstuffs?

Mr. SMITH. I know of none.

Mr. CANNON. During the World War, consolidated purchasing agencies representing all of the Allies took over the purchasing of agricultural products in the United States, to eliminate competitive bidding. One agency bought for all and as a result, with only one buying agency, in the market they procured supplies at the lowest prices. Is any such agency functioning in the United States at the present time, or has any such agency been suggested?

Mr. SMITH. There is no agency so far as I know. Of course the situation today is much different from what it was during the World War. We have surpluses in the most of these items. Also, as I understand it, in the last war we had a Food Administrator.

Mr. CANNON. Of course, we are also in a different situation; because, in that case, foreign governments were buying and financing purchases out of their own funds, whereas in this case the United States Government is both financing and purchasing out of United States funds.

Mr. SMITH. Right. And, therefore, I take it the policies pertaining to food procurement will be sound policies that did not disturb our price situation or production situation unduly as it concerns agriculture or consumers.

Mr. CANNON. Procurement will be under the control of the Department of Agriculture?

Mr. SMITH. I should say the Department of Agriculture would have a big hand in this—in the processing of all of these items.

Mr. CANNON. At the present time, there are vast quantities of cotton, millions of bushels of wheat, large quantities of corn, and a huge surplus of practically all agricultural products under the control of the United States, either through purchase or loans. Is it your impression that any requirements of agricultural products under this bill will be taken from those supplies now in Government warehouses, under Government title, or will they be bought in the open market?

Mr. SMITH. That is up to the Secretary of Agriculture, but it would be my impression that a number of these items would be procured through Commodity Credit.

Mr. TABER. Within what time can you begin spending money out of this appropriation?

Mr. SMITH. Immediately.

Mr. TABER. Within what time will you require the last item of it?

Mr. SMITH. Within 1942.

Mr. TABER. Mr. Smith, have the British asked for all of these articles?

Mr. SMITH. They have; sir.

Mr. TABER. Is it the feeling of the War and Navy Departments, and the President, that we should furnish these things to the British at this time?

Mr. SMITH. Yes; they are asking for them.

TESTING, INSPECTING, SERVICING, ETC.

Mr. WOODRUM. Referring to item (b), for testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense article for the Government of any country whose defense the President deems vital to the defense of the United States, \$200,000,000.

Tell us about that item, Mr. Smith?

(Discussion off the record.)

INTERCHANGE OF APPROPRIATIONS

(See p. 61)

Mr. WOODRUM. The transfer provision is rather self-explanatory.

That not to exceed 20 percent of any of the foregoing appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased more than 30 percent thereby.

General Burns, do you regard that as an important part of this proposal, this flexible provision?

General BURNS. Yes, sir; we do.

Mr. O'NEAL. Is that sufficiently flexible?

General BURNS. I certainly think that is the minimum that we should have.

Mr. O'NEAL. Mr. Chairman, I would like to say that it seems to me, with regard to the flexible provision it ought to be more flexible than it is. I should like to see this \$7,000,000,000 go where it would do the most good. I am afraid that provision is not sufficiently flexible. The general stated that to be his opinion, and if he feels very strongly about it, I would like to have him say something more about it. It struck me when I read it, from the way these estimates have had to be prepared, that that is a very close margin on which to work.

Mr. LUDLOW. How was that percentage arrived at?

Mr. SMITH. Of course, it had to be arrived at in a somewhat arbitrary manner. As a matter of fact, we had it smaller in the beginning and raised it because, as you apply these percentage figures to these particular items, as they come out, you will see that you have obviously more leeway in the large items than you do in the small items. But no single item can be increased more than 30 percent. You might take a certain percentage of all the items and add to a particular item, in order to increase it.

Our feeling was in general that if there was to be difficulty anywhere, it would probably hit in one rather than in a number of places, and that this was probably adequate to handle it.

Mr. WOODRUM. It gives the right to increase any one article by 30 percent.

Mr. SMITH. That is right.

Mr. WIGGLESWORTH. You do have a lot of flexibility, anyway, in that you have not broken down these items very far.

Mr. SMITH. Within a single item, like ordnance, we have flexibility. But this is to provide flexibility as between the categories.

Mr. O'NEAL. For instance, you would not have more than \$200,000,000 on your repair item, irrespective of what the needs may be.

Mr. SMITH. That is right.

RETENTION OR USE OF DEFENSE ARTICLES BY UNITED STATES

(See p. 60)

Mr. WOODRUM. Explain this proviso:

That any defense articles procured under the foregoing appropriations may be allocated by the President to any department or agency of this Government for the use of such department or agency.

I take it that if any article is ordered or manufactured for use by Great Britain and it subsequently develops that that article is needed for the United States Government, this provision would enable the President to allocate that article to such department or agency of this Government that has need of it?

Mr. SMITH. Yes, sir.

Mr. WOODRUM. Does that contemplate that there should be a finding that that was needed for defense purposes? That is what that would mean, would it not? In other words, you could not take food procured under the agricultural provision and transfer it to other purposes unless there was a finding that it was needed for our emergency defense, is that right?

Mr. SMITH. That is right.

Mr. WOODRUM. That is what that is supposed to mean.

MISCELLANEOUS SERVICES AND EXPENSES

Mr. WOODRUM. The next item is:

For necessary services and expenses for carrying out the purposes of said act not specified or included in the foregoing, \$40,000,000.

Mr. SMITH. That item would cover, for example, the transfer of defense information. It would also cover any miscellaneous item.

Mr. TABER. That is simply an omnibus item that you can use for anything—travel expenses or to supplement any item that may be involved.

Mr. SMITH. Not traveling expenses. It might cover freight and transportation of articles.

Mr. POWELL. How did you arrive at the figure of \$40,000,000?

Mr. SMITH. Well, frankly, we made a rough estimate. There were not many details. It is more in the nature of a contingency item than anything else.

Mr. POWELL. It is actually a contingency item?

Mr. SMITH. Yes. In the setting up of this entire estimate, we used terminology similar to that in the appropriation bills that we now have and in turn tried to gear this estimate into the Lease-Lend Act and nowhere else in the estimate would there be any money for defense information. So we know that defense information, whatever that amounts to, would have to come out of this, plus any small items that would not come in any other place. It is really a contingency item.

ADMINISTRATIVE EXPENSES

(See pp. 38, 63)

Mr. POWELL. Mr. Woodrum has gone into the items C and D, \$40,000,000 and \$10,000,000, thoroughly. As I understand it now very definitely, you will not have to come back for any administrative

expense, any further administrative expense, or any further contingent fund.

Mr. SMITH. So far as I can see, that is true.

Mr. LUDLOW. How does this percentage for administrative expenses compare with the percentage in other Government operations?

Mr. SMITH. It is considerably less, because you already have the organization and it is merely an extension of existing organizations.

SERVICES AND EXPENSES UNDER CATEGORIES (A) AND (B)

Mr. WOODRUM. Mr. Smith, referring to page 2, paragraph (a), in connection with the funds set out in those different categories, they are available for services and expenses, and that carries on down through those several articles. Now, when you get to (b), for testing, inspecting, and so forth, you do not have that provision for services and expenses. Should not that be in that paragraph also?

Mr. SMITH. Services and expenses were largely, under (a), in connection with procurement, transportation, and any other services such as storage, that would be necessary.

Mr. DITTER. The (b) item is entirely for repair, is it not?

Mr. SMITH. Yes.

Mr. DITTER. Outfitting and conditioning?

Mr. SMITH. Yes.

Mr. WOODRUM. You think we ought to put "services and expenses" in there?

Mr. SMITH. Yes; if there is any question.

Mr. CANNON. Mr. Smith, under what terms are these goods to be delivered, and under what terms are they to be delivered charged to the consignee?

Mr. SMITH. Under the entire bill, as I understand it, the terms would be fixed in the agreement.

Mr. CANNON. When will that agreement be drawn?

Mr. SMITH. There will be a whole series of them, as I can visualize the situation.

Mr. CANNON. That is a matter of negotiation?

Mr. SMITH. That is right.

Mr. CANNON. Under the terms of this bill they can be delivered gratuitously or they can be charged or they can be exchanged?

Mr. SMITH. I would say yes.

AGREEMENTS FOR DISPOSITION OF DEFENSE ARTICLES

(See p. 43)

Mr. CANNON. Is it your impression that any of them will be delivered gratis, or are all of them to be charged? Is there to be an accounting?

Mr. SMITH. My understanding is that there is to be an agreement with respect to all of them.

Mr. CANNON. With any expectation of recovery?

Mr. SMITH. I think the agreement would include that.

Mr. CANNON. And the terms, the prices, are subject to negotiation?

Mr. SMITH. The terms are such as the President may deem to be satisfactory.

ADMINISTRATIVE EXPENSES

(See pp. 38, 61)

Mr. WOODRUM. There is an item for administrative expenses, \$10,000,000. Will you say something about that?

Mr. SMITH. That is as good an estimate as we can make. The safeguard on it is that we are establishing very definite procedures for scrutiny of the requests.

Mr. WIGGLESWORTH. The estimate is based on what?

Mr. SMITH. Well, it is a rough estimate based upon what our costs are in various departments at the present time.

Mr. LUDLOW. Is it based on a certain number of personnel?

Mr. SMITH. No. It is not built up in terms of so many personnel because we do not know what the job is

Mr. TABER. You expect to use and to pay personnel, do you not?

Mr. SMITH. Yes. It is built on a percentage basis. For instance, under the commodity credit law at the present time there is a limit of 3 percent on administrative expenses. Assuming that some agricultural products are purchased through commodity credit, we ask them what that cost might be and they said possibly 1 percent, and somebody else said 2 percent. They pointed out that there would be some management or processing, and so forth.

Mr. WIGGLESWORTH. You have not made any estimate as to the increase in personnel in any department or agency involved, or any new agency that might be set up?

Mr. SMITH. No.

Mr. WIGGLESWORTH. You are not in a position today to tell us what additional all-over agency may be set up?

Mr. SMITH. So far as any all-over agency is concerned, the staff would, in the main, be made up of details from existing departments. For example, all of this material that would be released will have to go through export control. That will greatly increase their work. But as to how much it will increase their work, nobody knows, until the material begins to flow.

Mr. DITTER. How many new \$10,000 jobs do you think will be set up in this administrative unit?

Mr. SMITH. I assume they have to be classified under the civil service.

Mr. DITTER. Will there be some undersecretaries and assistant administrators, and so on, in the different departments?

Mr. SMITH. I do not see it in that way. As a matter of fact, you cannot foresee the load very well in advance. It is our belief that the major part of it can be taken care of by existing organizations and certainly the extension of existing organizations. What would you say for the War Department, General Burns?

General BURNS. I think that is correct. I am quite sure the plan of the War Department is to take on this load with the existing set-up. This will require some additional personnel in the War Department.

Mr. WIGGLESWORTH. You do not foresee any new agency set up to control this thing as a whole?

Mr. DITTER. I would like to have the Navy on record on that. There is an item in there for the Navy, I believe.

Commander TAWRESEY. The Paymaster General estimated that he would need about a hundred more accountants to handle the accounting.

Mr. POWELL. If these departments get many more employees, they will probably begin to hang them on hooks.

Mr. TABER. Mr. Smith, can you tell us for the record when you are going to begin to need all of these items under (b) and (c) and (d), and within what time the items will probably be exhausted?

Mr. SMITH. I should say that some part of all three of these items, will be needed immediately.

Mr. TABER. And within what time will all of those items be required, in your opinion?

Mr. SMITH. I should say 1942. I rather think this item for administrative expense probably would run through the entire program, 1943, but again there may be much more involved in this than we can see.

TRANSFER OF APPROPRIATIONS TO REPLACE DEFENSE ARTICLES DISPOSED
OF UNDER \$1,300,000,000 AUTHORITY

Mr. WOODRUM. Referring to this language on page 3, beginning in line 21—

that the President may transfer from the foregoing appropriations to appropriate current appropriations of any department or agency amounts equivalent to the value of defense articles disposed of by such department or agency to the government of any country whose defense the President deems vital to the defense of the United States, not exceeding in total \$1,300,000,000.

I would like to ask you this question, Mr. Smith. Is the reimbursement provision that I have referred to, on page 3, line 21, intended to be applicable to defense articles procured from appropriations made before lease-lend, or is it intended to cover also defense articles procured from appropriations hereafter made that may have been made available for that purpose?

Mr. SMITH. It is intended to cover appropriations made prior to the Lease-Lend Act on which there is a limitation of \$1,300,000,000. And it is also intended to cover any appropriation subsequent to the effective date of the Lease-Lend Act, in the event the Congress puts language in that particular appropriation bill allocating any material to any country whose defense is important to our own. The provision is permissive.

Mr. WOODRUM. Permissive?

Mr. SMITH. That is right.

Mr. LUDLOW. This bill is called the lend-lease bill or the British aid bill. Is there any provision that Britain shall pay any cash at all for any of this material, or do they give any security for any of the material?

Mr. SMITH. That would be arranged in the agreements that are to be signed.

Mr. LUDLOW. Is that contemplated?

Mr. SMITH. I assume so.

Mr. LUDLOW. There is no suggestion of security in the form of real estate or stock that they own in this hemisphere, is there?

Mr. SMITH. Assets will be given consideration in connection with agreements.

Mr. WOODRUM. I think we have wound up this end of it, unless you have something further to say.

Mr. SMITH. I have nothing, except to say that I have not received the other documents to answer some questions raised here. I have the index of raw-material prices. There were a number of questions raised as to the comparison between prices now and the prices during the last World War. I have here the raw-material price index of the Bureau of Labor Statistics. The index for 1917 was 122.6, for 1918 it was 135.8, and for December 1940 it was 73.6.

Mr. CANNON. That is for what class of material?

Mr. SMITH. This is the index of raw material prices.

Mr. CANNON. For all raw materials?

Mr. SMITH. Yes, sir.

Mr. CANNON. Including the material that would enter into the fabrication of these articles?

Mr. SMITH. Yes, sir; that index was set up with 1926 as the base.

Mr. WOODRUM. We asked for some information, and I will ask Mr. Taber to interrogate Mr. Smith at this time.

Mr. SMITH. The information has not been completed.

Mr. CANNON. We were also to receive copies of the contracts. Have they been supplied?

General BURNS. Yes, sir; we have them here.

SATURDAY, MARCH 15, 1941.

**STATEMENTS OF HAROLD D. SMITH, DIRECTOR OF THE BUDGET,
AND FREDERICK J. LAWTON, ADMINISTRATIVE ASSISTANT
TO THE DIRECTOR OF THE BUDGET**

BRITISH FINANCES AND HOLDINGS IN UNITED STATES

(See p. 16)

Mr. WOODRUM. Mr. Smith, do you have the information these gentlemen asked you for yesterday?

Mr. SMITH. Yes. Yesterday, this committee propounded a number of questions with respect to British orders for defense materials prior to the enactment of the lease-lend bill, and British assets. Those were rather specific questions to which we sought specific answers from the Treasury.

Question 1 was: It is understood that British orders up to January 1, 1941, were about \$3,000,000,000 and that expenditures were about \$600,000,000. Is that correct? What have the British spent here since that time?

The answer is that the total of the orders placed in this country by the British Purchasing Mission up to January 1, 1941, was approximately \$2,700,000,000. Up to January 1, 1941, the British Purchasing Mission had made payments of approximately \$1,300,000,000 on these orders.

Mr. O'NEAL. Cash payments, those were?

Mr. SMITH. That is right. From January 1 to March 12, payments by the British Purchasing Mission were \$382,000,000. I assume, therefore, that if you want the total to March 12, you would add \$1,300,000,000, plus \$382,000,000, or a total of \$1,682,000,000 of cash

payments on British Purchasing Mission's orders up to March 12, 1941.

Mr. SNYDER. In other words, they just have about \$1,000,000,000 yet to pay?

Mr. TABER. Now, are there any orders since the 1st of January to add to the \$1,018,000,000 left?

Mr. SMITH. I am not sure that I can answer that 100 percent correctly, but it is my impression that the British have not placed large orders for several months.

Mr. WOODRUM. What were the total orders up to January 1, Mr. Smith?

Mr. SMITH. \$2,700,000,000.

Mr. TABER. You do not know whether there are any since the 1st of January, or not?

Mr. SMITH. I am sure that there are not any substantial orders of any kind, because they have not been placing orders for some months. There have been minor orders.

Mr. SNYDER. I think that is right. I checked that the other day.

Mr. WOODRUM. So far as you know, are they up to date on payments, or are they in default on any of them?

Mr. SMITH. So far as I know, they are up to date on their payments.

Mr. LUDLOW. What do you know about the prospect of the cash running out?

Mr. SMITH. May I go on with this, because that question is covered.

Mr. WOODRUM. Yes; go on.

Question 2 was: Has the policy been to pay cash or securities for orders up to this time? The answer is that the practice of the United Kingdom has been to pay cash on all orders placed in the United States up to this time. All goods delivered have been fully paid for. A substantial portion of the value of the goods delivered was paid for in advance and a portion of the value of the goods yet to be delivered has already been paid for. Generally, they have paid 25 percent cash when orders were placed, in addition to the capital investments required. The dollars to pay for these orders have been derived by the British Government partly from the sale of British investments in the United States, partly from the liquidation of British dollar balances, partly from the sale of British gold holdings to the United States Treasury, and partly from dollars acquired from a variety of other sources.

Mr. WOODRUM. There is no reason why all this should not go in the record.

Mr. SMITH. I assumed that the committee would want all of this for the record.

Question 3 was: What is the proposal as to paying for deliveries of existing orders?

The answer is that part of the cost of the future deliveries under existing orders has already been met by advance payments. The remaining liabilities of the United Kingdom in respect to such orders will be met from her existing dollar resources and with dollars which she will acquire in the future. Such dollars will come from further sales of British holdings of United States securities, the sale of British direct investments in the United States, gold acquired by the British Government, and the net dollar proceeds of British exports of goods and services to the United States and elsewhere.

Mr. O'NEAL. That is, holdings of British citizens, in part, is it?

Mr. SMITH. Yes.

Mr. O'NEAL. Not only of the Government, but the holdings of British citizens?

Mr. SMITH. Yes.

Mr. WOODRUM. By implication, then, at least, it is not contemplated at the present time that any of this \$7,000,000,000 fund will be utilized to pay for any of these goods already ordered by Great Britain?

Mr. SMITH. No.

Mr. WOODRUM. Can that be said positively?

Mr. SMITH. Yes, it is not contemplated that any of the \$7,000,000,000 is to be used for that purpose. Orders that have been placed by the British Purchasing Mission are to be paid for, I understand, by the British out of their dollar assets.

Mr. JOHNSON of West Virginia. Do you understand that any additional orders that might come in before this act becomes effective, will likewise be paid by the British people?

Mr. SMITH. I would assume that if the British Purchasing Mission continued to place orders now, they would have the assets to pay for those.

Mr. JOHNSON of West Virginia. The same thing would apply to any future orders that has applied to orders in the past?

Mr. SMITH. Yes.

Mr. LUDLOW. Are you going to give us a rough inventory or estimate of the British holdings in this country later on?

Mr. SMITH. It is the next question.

Question 4 was: What is the value of British holdings in the United States and in the Western Hemisphere outside of the United States?

The value of British holdings in the United States, as of January 1, 1941, is, according to British estimates presented by the Treasury to Congress, \$616,000,000 of marketable securities and approximately \$900,000,000 of direct investments.

Mr. CANNON. Is that holdings by the British Government, or by its nationals?

Mr. SMITH. Except for the securities which have been vested by the British Government, that is, turned over to the Government in exchange for British Government securities, these holdings belong to British nationals. To repeat:

The value of British holdings in the United States as of January 1, 1941, is, according to British estimates presented by the Treasury to Congress, \$616,000,000 of marketable securities and about \$900,000,000 of direct investments.

Mr. TABER. What do you mean by that—direct investments?

Mr. SMITH. The Department of Commerce defines foreign direct investments in the United States as all foreign investments in corporations or enterprises operating within the United States which are controlled by a person or persons domiciled outside the United States.

Mr. TABER. Are they unmarketable securities?

Mr. SMITH. They are unmarketable only in the sense that they are not listed on our organized exchanges and for the most part no market for them has been developed in this country.

Mr. TABER. They are not readily marketable?

Mr. SMITH. They are not as readily marketable as listed securities; that is right.

Mr. WIGGLESWORTH. Held by the Government, or by its nationals?

Mr. SMITH. Except for the securities which have been vested by the British Government, that is, turned over to the Government in exchange for British Government securities, these investments belong to British nationals.

Mr. LUDLOW. What authority did the British Government have over the transfer of holdings of its nationals for the liquidation of its debt?

Mr. SMITH. I cannot tell you that.

Mr. TABER. Oh, they have taken it all over.

Mr. SMITH. The British Government at this moment, has control over the resources of that country, including assets of individuals.

Mr. O'NEAL. Is it known whether the British nationals or the British Government have quite large amounts of securities and things of value held in this country in the names of American citizens; have you attempted to find out whether or not that is a fact?

Mr. SMITH. I presume the Treasury would be cognizant of that situation.

Mr. O'NEAL. In other words, a corporation might be formed here which, in itself, is owned by British nationals but an American corporation, and it, in turn, own a great many American securities. You do not know whether that is included in this figure of the total amount of holdings estimated by the Treasury?

Mr. SMITH. I will check it, but I am pretty certain it is.

Mr. TABER. Would you like to explain that item a little bit—that \$900,000,000 of direct investments? It does not include the cost of plants for procuring ammunition or airplanes, or whatever you might call it, that the British Government has invested, does it?

Mr. SMITH. It is my understanding that it does not.

Mr. TABER. Let me ask one other question about the \$900,000,000: Does that represent the cost of the British, or an inventory value as of January 1?

Mr. SMITH. It is a rough estimate of the amount which the direct investments would probably bring if they were sold gradually over a period of time.

Mr. TABER. Go ahead.

Mr. SMITH. The nominal value of the United Kingdom's investments in Canada is nearly the equivalent of \$2,000,000,000 United States dollars and the United Kingdom's investments in Latin America is the equivalent of over \$3,500,000,000. This refers to nominal value; the market value would, of course, be much less. In the case of the Canadian investments, the market value is much closer to the nominal value than is the case with the Latin-American investments.

The United Kingdom is using a substantial amount of its Canadian investments each month to pay for war materials obtained from Canada. Some of the investments in Latin America are in complete default; many are in partial default; whereas nearly all are payable in sterling or in local currencies. The liquidation value in United States dollars of these Latin American securities, particularly in view of the widespread control of foreign exchange transfers, is very uncertain. The details of these investments will be found on page 54

of the hearings before the House Committee on Foreign Affairs on H. R. 1776.

Mr. WOODRUM. Does that complete the answers, Mr. Smith?

Mr. SMITH. No; that is question 4.

Mr. TABER. Do you want to go ahead and give the other answers?

Mr. WIGGLESWORTH. Before you do that, I call your attention to the statement you have just given us, indicating \$1,516,000,000 of British holdings in the United States as of January 1, 1941. On page 81 of the House hearings on the lend-lease bill, Foreign Affairs Committee, the total as of December 31, 1940, is given as \$2,167,000,000. I wonder if you have not omitted the gold holdings and what are referred to as official dollar balances and private dollar balances in the statement you have given us?

Mr. SMITH. Yes; that is correct. In addition to \$616,000,000 of marketable United States securities and \$900,000,000 of direct investments in the United States, the British held on December 31, 1940, \$292,000,000 of gold, \$54,000,000 of official dollar balances, and \$305,000,000 of private dollar balances.

Mr. SCRUGHAM. Speaking of gold, you mean deposits with the Federal Reserve bank?

Mr. SMITH. No; deposits are included in the official dollar balances.

Mr. SCRUGHAM. Do the British own any gold on deposit in this country?

Mr. SMITH. No; the British have no gold in this country. The gold I refer to is all the gold in the British Treasury's possession—in London, Canada, in transit, and scattered in various parts of the world.

Mr. SNYDER. My information was that the British had put on the barrel head cash for the current expansion in this country, up to March 1, of between 54 and 55 million dollars.

Mr. WOODRUM. Is it more than that, is it not?

Mr. SMITH. It is more than that.

Mr. SNYDER. For plant expansion; I do not mean building plants.

Mr. SMITH. The total of capital assistance paid out by the British is over \$171,000,000.

Question 5: What steps, if any, have been taken to meet prior commitments and what steps are to be taken as to commitments yet to be made?

The United Kingdom will meet her liabilities on existing orders from her existing dollar resources and from dollars which she will acquire in the future. The steps by which these dollar resources are being acquired have been indicated in the answer to question 3 above.

The British Government does not have funds adequate to meet additional commitments. It is for these additional commitments that the lend-lease arrangements will be required.

Question 6: What is the monthly rate of expenditure by England and its dominions for war purposes?

The monthly rate of expenditures for United Kingdom, Canada, New Zealand, Australia, South Africa, and India taken together is, according to our information, roughly the equivalent of $1\frac{3}{4}$ billion dollars. Nearly $1\frac{1}{2}$ billion dollars of this is the expenditure of the United Kingdom alone.

Mr. CANNON. What about the other quarter billion expenditures?

Mr. SMITH. By the Dominion of Canada, New Zealand, Australia, South Africa, and India.

Mr. CANNON. Combined?

Mr. SMITH. That is right.

Mr. WOODRUM. For what period has that been going on, Mr. Smith; is this currently?

Mr. SMITH. That is current expenditures.

Question 7: What are the British Dominions, and particularly Canada, prepared to do for aid to Great Britain?

Canada is, of course, helping directly with troops, naval and air forces, and is paying all expenses of Canadian forces operating abroad as well as at home. It is anticipated that during the coming year Canada will spend a total of \$1.4 billions on her direct war effort.

Mr. TABER. You mean in the calendar year 1941?

Mr. SMITH. In the fiscal year 1941-42.

This alone constitutes about 25 percent of her expected national income.

Mr. TABER. You mean of the whole country, rather than the Government?

Mr. SMITH. That is right. Canada with 11,000,000 people would never have an ordinary budget of that size.

In addition, Canada is supplying Britain with large increasing amounts of goods and services in return for a considerable part of which she is getting either blocked sterling in excess of her needs or repatriated Canadian securities held in the United Kingdom.

Just as in the case of Canada, Australia, New Zealand, South Africa, and India have under way and are financing themselves, a war effort of considerable magnitude in relation to their national income. In addition, these countries are acquiring excess blocked sterling in London and some are acquiring repatriated securities as payment for exports of merchandise, services and gold to the United Kingdom and to the dollar exchange areas. This is a form of economic and financial assistance of considerable value to the British war economy.

Question 8: What has Great Britain, its dominions and particularly Canada appropriated for this war?

This information is not readily available; but we have requested it for the committee. However, because of differences in budgetary practice, such figures will not be at all comparable with the defense-appropriation figures for the United States.

Mr. CANNON. With reference to the remaining quarter billion dollars, have you any information as to the proportion in which that amount is being spent by the respective dominions, of the several countries?

Mr. SMITH. No; we do not have that, Mr. Cannon.

Mr. CANNON. You do not know the proportional monthly expenditure of Australia?

Mr. SMITH. Australia is spending the equivalent of about \$50,000,000 a month.

Mr. WIGGLESWORTH. It would appear that Canada is putting up about \$100,000,000 if you split up her portion of the one-quarter billion.

Mr. SMITH. Yes; in addition Canada is rendering a variety of services that cannot be translated into dollars.

Question 9: What are the potash and borax holdings of the British in the western part of the United States?

Our preliminary information is that there are three large potash and borax companies with properties in the western United States in which the value of the British investment is estimated to be roughly more than \$20,000,000. These properties are included in the British direct investments referred to in question 4.

Question 10: What have we bought in the way of gold from Great Britain and its dominions, including Canada, since 1934, by years?

The net imports of gold from the British Empire by years are given in the table below. It should be pointed out that London has been, prior to the war, the leading gold market of the world and hence gold imports from the British Empire were not solely for British account.

The table is as follows:

Net imports of gold from British Empire, 1934-40

	United Kingdom	Other British Empire	Total
1934.....	\$500,000,000	\$183,000,000	\$683,000,000
1935.....	316,000,000	184,000,000	500,000,000
1936.....	174,000,000	182,000,000	356,000,000
1937.....	892,000,000	204,000,000	1,096,000,000
1938.....	1,209,000,000	144,000,000	1,353,000,000
1939.....	1,826,000,000	976,000,000	2,802,000,000
1940.....	633,000,000	2,995,000,000	3,628,000,000
Total, 1934-40.....	5,550,000,000	4,868,000,000	10,418,000,000

Mr. RABAUT. I take this viewpoint, Mr. Smith: Of course, if we were to force England to liquidate all of her accounts or assets at the present time, or sell such shares as she has in this country, we could not well do that without creating a tremendous effect upon our own holdings, because there would naturally be a recession in the entire market for securities.

Mr. SMITH. It all depends on how it is handled. Proper precautions, I understand, are being taken.

Mr. SCRUGHAM. I am interested in the British ownership and control of the borax and potash industries in this country. To your knowledge, are any definite steps being taken to acquire those interests by the United States Government in part payment for the proposed advance of \$7,000,000,000?

Mr. SMITH. I know of no steps to acquire that by the Government, but steps are under way to liquidate British assets here in this country.

Mr. SCRUGHAM. While advancing this vast sum of money to Great Britain, should it not be done with the distinct understanding that they will transfer their ownership and control of the potash and borax industries, which are of vital importance to this country, to the United States Government? I realize the emergency requires haste, of course, but these industries mentioned are of basic importance for obtaining purely domestic supplies. The British should promptly transfer them to this Nation, as a small repayment, as well as South American properties that are now also controlled by the British. Is there any comment you would like to make on the subject?

Mr. SMITH. My only comment respecting the industries you mention is that negotiations are under way to deal with the liquidation of assets in relation to the whole situation under this lend-lease bill.

Mr. O'NEAL. I would like to ask for the record this question: Do the holdings you have given of British nationals in this country include the indirect holdings of British nationals in this country? I mean by that, holdings through holding companies organized in this country, where the beneficial interest is in British nationals, or held through dummies of some kind or other?

Mr. SMITH. My understanding is that these holdings insofar as these are known are included in the British estimates presented to Congress in January.

Mr. LUDLOW. The British are not actually giving any security for this, in the sense that we generally understand the term "security," but it is simply a matter of good faith?

Mr. SMITH. Under the lease-lend bill, there will be an agreement.

Mr. LUDLOW. With respect to payment for this particular material covered by the bill?

Mr. SMITH. The form has not been decided upon, so far as I know.

Mr. RABAUT. Yesterday, when we were in executive session, a question came up as to whether or not the present amount of contracts which the British have in this country, and which totals somewhere between \$1,000,000,000 and \$1,500,000,000, could be paid from this amount—that is, whether or not any money from this appropriation could be used to pay the cost of those contracts. I understand that this morning, before I came into the room, that matter came up here, and I understand that Mr. Smith's answer was that this money could not be used to pay those contractual obligations.

Mr. SMITH. It is my understanding that it is not contemplated to use any of this money for this purpose.

Mr. TABER. The testimony by Mr. Smith this morning was that the British have a total cash or dollar balance to meet balances of \$1,018,000,000 of contracts that they have hanging.

Mr. RABAUT. I am asking Mr. Smith now, but I thank you for your observation.

Mr. SMITH. I meant to say it could be legally paid, but whether it would be done or not——

Mr. RABAUT. First, can it be done? And then I will ask, "Will it be done?"

Mr. WOODRUM. If it would not be done, we need not bother about the other question. I do not think there is any doubt about the fact that they could do it.

Mr. SMITH. As to the second question, it will not be done, because it is pretty clear that you would have to establish a bench mark as to where British orders left off and where lend-lease orders began. Otherwise we would be in confusion as to transactions. It is contemplated, as indicated in this testimony, that the British would make payment for outstanding orders that the British Purchasing Mission have committed themselves to up to the passage of the Lend-Lease Act.

Mr. RABAUT. That is the reason the question was advanced, and I asked about this entire situation in the terms of national defense. Now, if there is to be \$1,000,000,000 worth of orders for the British, or if they have on order \$1,000,000,000 worth of material, that means \$1,000,000,000 worth of defense material. Now, if we come along and augment that with \$7,000,000,000, that would mean \$8,000,000,000 worth of defense material, but if we pay for that \$1,000,000,000 worth

of material from funds under this bill, it would leave only \$7,000,000,000 worth of defense material that is being produced. If that is done—and you do not think it will be done—but if that should be done, we would have lessened the amount of defense material to the extent of \$1,000,000,000.

Mr. SMITH. I think the record that has been made is clear on that point. If it is not, I will make it clear.

Mr. RABAUT. There was quite a discussion about that in the committee.

Mr. TABER. You did not tell us the amount of cash balance that the British have. You gave the securities, but you did not give the cash balances. Do you know anything about that? Perhaps they do not have any. I do not know.

Mr. SMITH. At the present time the cash balance is small.

Mr. TABER. On December 31, say that the dollar assets amounted to approximately \$350,000,000.

Mr. SMITH. And since then they have paid out \$382,000,000.

Mr. TABER. Let me ask you this, and I would like you to be in a position to answer it for the record, if you can: There are a lot of these British-held securities. To a certain extent they have been liquidated, and they have been a menace to our own security market. It is impossible to dump them. In addition, there are a lot that are not readily marketable securities held by them. Now, will it be the disposition of the administration to take those securities that cannot be marketed without upsetting our own financial structure and without sacrificing those securities too seriously, as security for such defense materials as are sent to Great Britain, and that are procured as the result of the lease-lend bill? If you are not in a position to answer that now, make a note of it, and answer it in the record.

Mr. SMITH. I am in a position right now to answer in the affirmative with full assurance. It is my understanding however that the proceeds of liquidation of British-held securities and investments in the United States will be needed to complete payment on existing British orders.

Mr. TABER. Now, the result of the answer you have given me, Mr. Smith, is this, is it not, that if this Government pays out money for airplanes, tanks, repairing ships, building ships, or anything else, that may be turned over to the British, insofar as their assets will permit, upon delivery our Government will receive their securities which are not marketable and cannot be turned into cash, insofar as they are available as security for the payment of these things.

Mr. SMITH. Yes. Insofar as they are not needed for payment on existing British orders.

Mr. LUDLOW. Do we understand that there will be a segregation of the accounting of items under the lend-lease bill from items under the regular operations?

Mr. SMITH. Yes, sir.

Mr. LUDLOW. I wonder if you will find any difficulty in that, where for instance a manufacturing establishment will be partially engaged in manufacture to meet the requirements of the United States and partly in the manufacture of articles to meet the lend-lease program requirements. How will it be possible to make that segregation?

Mr. SMITH. Let me point out to you that we have the cost of the items at the time they are transferred to any other country.

Mr. LUDLOW. Do you think you could make a clean-cut segregation there?

Mr. SMITH. Yes, sir; it would be a fairly simple accounting problem.

Mr. WOODRUM. Isn't it just as important to help Britain maintain her economy as it is to furnish her weapons with which to fight?

Mr. SMITH. I certainly believe that it is. The upheaval of war is a severe blow to her economy and we must develop our relationships under the Lend Lease Act with this in mind. If these relationships are such as to unduly weaken her economy the effect will be in reality a partial cancelation of our intended aid. We must not think solely of aid in terms of defense articles, but of the problem as a whole. Back of the weapons must be an economy capable of sustaining the war effort.

Mr. WOODRUM. Thank you very much, Mr. Smith, for your statement.

INDEX

A	
Appropriations:	Page
Interchange of	60
Transfer of, to replace defense articles disposed of under \$1,300,000,000 authority	64
Aurand, Lt. Col. H. S., statement of	25
Agricultural products	13, 20, 35, 39, 51
Agriculture, industrial, and other commodities	2, 58, 64
Aircraft and aeronautical material	56
Administrative expenses	38, 61, 63

B	
British finances and holdings in the United States	16, 65
Budget Bureau to coordinate data on program	27, 38
Budget estimate	1
Form of	9
Procedure in preparation of	9
Burns, Maj. Gen. J. H., statement of	25

C	
Contracts:	
Cancelation clauses in	32, 50
Heretofore placed for plants and matériel	45
Contractors, advances to	53
Countries to be aided	11

D	
Defense articles:	
Disposition of	37
Procurement of, outside the United States	21, 40, 42
Retention or use of, by the United States	60, 61
Title to	21, 39

E	
Electric power, supply of	41

F	
Facilities and equipment for production	14, 37, 58
Facilities program under funds for defense aid to other countries	47, 53
Funds, procedure in administration of	25, 42

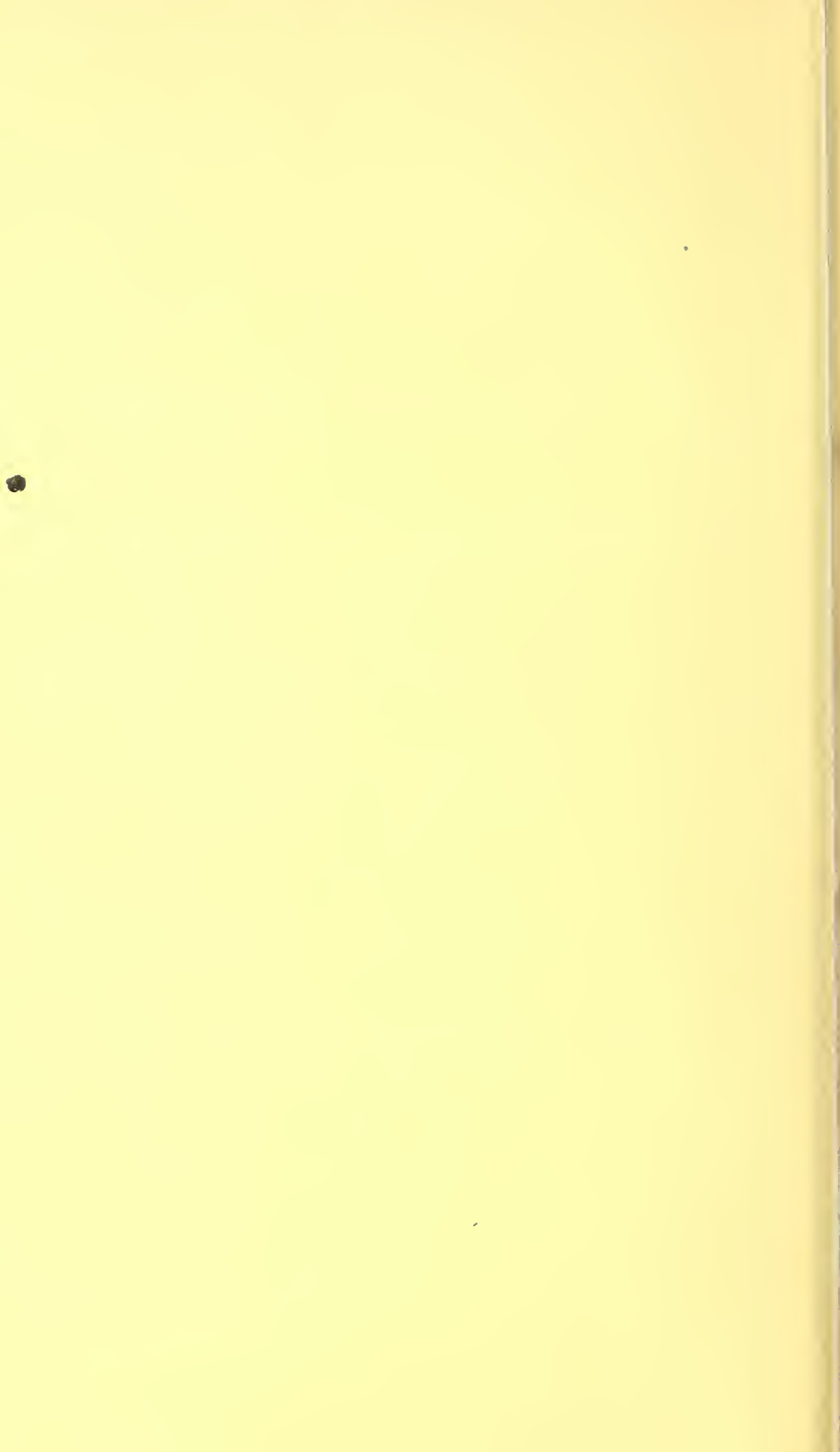
H	
Hull, Hon. Cordell, statement of	2

K	
Knox, Hon. Frank, statement of	8
Knudsen, W. S., statement of	45

L	
Law to procurements, application of existing	27, 43
Lawton, F. J., statement of	25, 65

M		Page
Marshall, Gen. G. C., statement of.....		22
Material, disposition of, after defense effort has ceased.....	14,	43
Miscellaneous military equipment.....		57
Miscellaneous services and expenses.....	38,	61, 63
N		
New plant facilities.....		37
O		
Ordnance and ordnance stores.....		55
Organization, new overhead to be established.....	26,	34
P		
Personnel under civil service.....		44
Plants, disposition of, after defense effort has ceased.....	14, 40,	43
Plants heretofore provided for, number and type of.....		46
Prices in England and the United States, comparison of.....		31
Procurement contracts, provisions in.....		32
Production costs and prices.....	29, 36,	48, 51
Q		
Questions propounded by the members of the subcommittee to Secretaries Hull, Stimson, and Knox.....		11
Agricultural products.....	20, 32, 35,	39, 51
American manpower.....		13
American planes by the British, use of.....		18
British finances.....	16,	65
British potash and borax plants in the United States.....		19
British requirements, list of.....		12
Coast Guard, transfer of, to Navy.....		19
Contract authorization for part of needs.....		17
Defense articles, reallocation of, by one aided country to another.....		12
Defense articles, title to.....	21,	39
Funds, period of use of.....	16,	17
Material after defense effort has ceased, disposition of.....	14,	43
Material furnished Britain after evacuation of Dunkerque.....		18
Material to be acquired that will be usable by the United States, proportion of.....	13,	20
New plant facilities.....	14,	37, 58
Procurements in foreign countries.....		21
S		
Services and expenses under categories (a) and (b).....		62
Smith, H. D., statement of.....	9,	65
Stimson, Hon. Henry L., statement of.....		5
T		
Tanks, armored cars, trucks.....		56
Tawressey, Commander A. P. H., statement of.....		25
Testing, inspecting, servicing, etc., for defense articles.....		60
V		
Vessels and other watercraft.....		56
W		
War Department facilities board, personnel of.....		54

mar. 18



NOTICE.—This report is given out subject to release when consideration of the bill which it accompanies has been completed by the whole committee. Please check on such action before release in order to be advised of any changes.

77TH CONGRESS } 1st Session }	HOUSE OF REPRESENTATIVES	{	REPORT No. —
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DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL,
1941

MARCH 18, 1941.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. TAYLOR, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. —]

The Committee on Appropriations submit the following report in explanation of the accompanying bill entitled "A bill making supplemental appropriations for the national defense to provide aid to the Government of any country whose defense the President deems vital to the defense of the United States, and for other purposes," with a recommendation for immediate consideration and early enactment.

The purpose of the bill is to provide the necessary appropriations to carry into effect an act to promote the defense of the United States, approved March 11, 1941.

The Budget estimates upon which this bill is based were transmitted to Congress on March 12 by the President in a letter addressed to the Speaker of the House of Representatives (H. Doc. No. 139) requesting a total of direct appropriations of \$7,000,000,000.

The letter of the President to the Speaker is as follows:

THE WHITE HOUSE,
Washington, March 12, 1941.

HON. SAM RAYBURN,
Speaker, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: This Nation has felt that it was imperative to the security of America, that we encourage the democracies' heroic resistance to aggressions, by not only maintaining but also increasing the flow of material

assistance from this country. Therefore, the Congress has enacted and I have signed H. R. 1776.

Through this legislation our country has determined to do its full part in creating an adequate arsenal of democracy. This great arsenal will be here in this country. It will be a bulwark of our own defense. It will be the source of the tools of defense for all democracies who are fighting to preserve themselves against aggression.

While the defense equipment produced under H. R. 1776 remains under the control of the United States until it is ready for disposition, it is the fixed policy of this Government to make for democracies every gun, plane, and munition of war that we possibly can.

To accomplish these objectives I am transmitting an estimate in the amount of \$7,000,000,000, the details of which are set forth in the accompanying letter from the Director of the Bureau of the Budget. I strongly urge the immediate enactment of this appropriation.

Respectfully,

FRANKLIN D. ROOSEVELT.

This Budget estimate was received on March 12. The committee held hearings on March 13, 14, and 15, having before it the Secretary of State, the Secretary of War, the Secretary of the Navy, the Chief of Staff of the Army, the Assistant Chief of Naval Operations, the Director General of the Office of Production Management (Mr. Knudsen), the Director of the Bureau of the Budget, and other officials concerned with the planning of the program.

The estimates upon which the bill is based were carefully prepared after a survey of the requirements to carry out the act of March 11. The work of the survey was facilitated by the furnishing by the British Government of a specific list of its needs. That list has been studied by the War and Navy Departments and other agencies concerned and by the Office of Production Management and in consultation with the representatives of that Government. The program under the \$7,000,000,000 has been coordinated and correlated with our own needs for our own defense. It represents in terms of money and quantities of defense articles the needs for assistance as they can be seen at this time. The sum is stupendous and the program is gigantic but the issue is greater than both.

The committee has incorporated in the bill the full amount of the Budget estimate of \$7,000,000,000 distributed according to the 10 categories of appropriation. The policy of aid to countries whose defense may be determined to be vital to the defense of the United States has been established with the approval of an act to promote the defense of the United States on March 11 (H. R. 1776, Public Law No. 11). The remaining step to start the full impact of that policy is to implement with funds the agencies which the President may designate to carry out the purposes of the law. In urging expedition in the granting of the appropriations the committee has in mind the legislative history of H. R. 1776. That bill was introduced in the House of Representatives on January 10, reported to the House on January 30, passed the House on February 8, reported to the Senate on February 13, passed the Senate on March 8. The House concurred in the Senate amendments on March 11 and the President signed the bill immediately. The program now needs to proceed with the utmost expedition consistent with prudence if it is to have the effect which the law contemplates and which the American people unquestionably overwhelmingly approve.

The committee invites attention to the remarks of the Secretary of State at the opening of the hearing on these appropriations. They are a clear and cogent restatement of the policy and purpose of our Government in approving an act to promote the defense of the United States and of the urgency of providing the appropriations called for by the bill. The following excerpt epitomizes the statement:

Secretary HULL. * * *. Our safety and the success of the course upon which we have set ourselves demand the courage and the wisdom to go full out in furnishing adequate material aid to the nations whose defense is necessary to our defense. When we do this, we take the most effective step possible in the circumstances to keep war away from our hemisphere, from our own Nation. Doing this, we act in defense of our homes, our institutions, our liberties, our way of life.

In this task, half measures will not suffice. There is much to be done and the task is urgent. We must strive with all our will, all our power, and all our resources. To be content with less would be to invite disaster. No people in history have had such opportunity to learn from the tragic example of others. We cannot stint and we must not falter.

It has been deemed advisable by the committee and in consonance with the advice of the administrative officials concerned that all of the usual minute justification of appropriations should not be discussed in the printed hearing. The total appropriation of \$7,000,000,000 and the several categories of the 10 appropriations constituting that amount have been "broken down" for the committee into component elements and the committee is possessed of the itemization used by the Government agencies concerned in making up the individual amounts of the categories of appropriation which comprise the total.

The omission of this detail from the printed hearing is not occasioned by any desire to withhold information from the Congress and the public to which they are entitled. Rather it is a desire to withhold from certain foreign governments and their diligent agents detailed information which they should not have. The procurements under the funds in this bill are for weapons and instruments of war to aid countries which are engaged in a desperate struggle and whose success in that combat is vital to us. These details have a strategic value which must be carefully preserved. The committee ventures to express the hope that what might only be considered by some to be "interesting news" to the citizens of this country shall not become "strategic news" elsewhere to the harm of the very countries we are trying to assist and to ourselves.

There has been speculation on the part of some that the production of such vast amounts of defense articles for assistance to other countries might injure our own defense. The committee desires to quote from the very pertinent testimony of the Chief of Staff of the Army in response to a question from Representative Ludlow:

Mr. LUDLOW. General, I want to ask whether, in your opinion, providing these articles in aid to Britain will in any way endanger our own defense?

General MARSHALL. No, sir; on the contrary I think that as we now have matters arranged, the result will be to our advantage. Our own actual resources will not be diminished until the finished products come off the production line and are ready for shipment. Increased production will add to our strength until the time for distribution begins. I will go further and say this; that I would be a much happier man today if I thought we had reached a point in our production development where we actually had more capacity than we required. That would be the most favorable situation possible for us, in view of present conditions.

The committee has also been advised with respect to the utilization by the United States of the defense articles to be procured with these

funds in the event they are not disposed of for aid to any country whose defense is vital to the United States.

Secretary Stimson made this statement, which shows very commendable planning by the War Department and very commendable cooperation by the British:

* * * Of the War Department items, practically all or 95 percent are those which can be used for our own Army purposes and which would be vitally useful in case Britain should fall. Only 5 percent represent purely British types of weapons, including the facilities to be erected for such weapons, as distinguished from our American types and their facilities. And even in the case of this last 5 percent, the plant facilities necessary for construction—that is, the tools and the plants for these purely British items—could be used by us on very short notice.

In other words, as you are doubtless familiar, I might give as an example that the British use the .303-caliber rifle. The facilities for the construction of that rifle which they are using in this country today, under their contracts for its creation, could be transferred so as to manufacture the .30-caliber rifle which we use, I am informed, in about 2 months. And, in the same way, the facilities for the ammunition could be transformed. And that is true largely of other British items.

The committee has received from the Director General of the Office of Production Management a résumé from last June to date of the progress of our own defense efforts. Contracts placed for matériel total \$12,600,000,000. Contracts for construction on 302 Government plants total \$1,574,000,000. A total of 421 privately financed prime contractors' plants have been certified for assistance in the amount of \$393,000,000. The total for facilities, governmental, or privately owned assisted with Federal funds, is \$2,138,000,000 on a total of 723 plants. In addition the British Government has financed 61 plants for a total of \$171,000,000. Mr. Knudsen advised the committee that if funds are provided for the facilities contemplated by the bill they can be procured in a reasonable time and will meet the needs for procurement of the matériel. Some existing facilities will be available in addition to those which the British Government has provided and which will become available rapidly as they run out of British orders.

The committee has also made inquiry as to British resources and orders placed in this country. The total of such orders placed by the British Purchasing Mission to January 1, 1941, is \$2,700,000,000. Payments on these orders to March 12 totaled \$1,682,000,000, consisting of \$1,300,000,000 paid prior to January 1, 1941, and \$382,000,000 paid during the period January 1 to March 12, 1941. All goods delivered under these orders have been paid for in cash and some goods not delivered have been partially paid for in advance. The committee has been assured that none of the \$7,000,000,000 contained in the bill will be used to pay for materials under any orders heretofore placed by the British Government and that sufficient existing dollar resources and dollars to be acquired by them will be available to pay for those orders. The estimated British holdings in the United States as of January 1 last consisted of \$616,000,000 of marketable securities, \$900,000,000 in direct investments, \$292,000,000 in gold, \$54,000,000 in official dollar balances, and \$305,000,000 in private dollar balances. These figures necessarily have changed as these resources have been drawn upon between January 1 and March 12 by \$382,000,000 to meet payments for the goods ordered. The committee is also advised that the British assets in this country insofar as they are not needed for payment on their orders here will

be given as security on defense articles which the United States may furnish to them.

Britain is engaged in a terrific struggle. The expenditures of the United Kingdom and the Dominions are currently amounting monthly to \$1,750,000,000, of which \$1,500,000,000 is by the United Kingdom and \$250,000,000 by the Dominions. Canada will spend \$1,400,000,000 in the fiscal year 1941-42 on her direct war effort, which is 25 percent of her expected national income.

The agreements with the governments to be assisted under "An act to promote the defense of the United States" rest with the President of the United States. His is the responsibility to determine the terms and conditions under which the nations receiving this aid should make a return to the United States. A nation engaged in a death struggle with a mortal enemy needs, in addition to the tools of war, the maintenance of its own economy and financial stability in order to pursue successfully its efforts. If the United States furnishes Great Britain with defense articles but upsets her economy the aims and purposes of our assistance would be defeated.

The committee desires to call attention to the form in which the appropriations are made in this bill. It is not a "blank check" appropriation. Public Law No. 11 provides that the President may authorize the head of any department or agency to procure the defense articles which that act specifies for aid to any country whose defense is vital to the United States. It is not practicable, considering the problems involved in this huge program, to appropriate specifically in terms of the normal Government appropriations in the usual detail to each of the agencies and each of the bureaus and other offices concerned and "freeze" the procuring funds in customarily rigid channels. It should be borne in mind that the appropriations in this bill are for aid to countries that are at war. That war is being fought on the high seas of the world, in Europe and in Africa, and with hostilities and moves of conquest in Asia. The important theaters of the war are shifting rapidly from one area to another. Changes are occurring constantly in the types of weapons and their use. A program of aid such as this must be as flexible as a program of use in combat. The needs may change frequently and the emphasis on certain needs may shift to others. The committee therefore feels that it is highly desirable that flexibility should be provided and to that end has approved the proposal for a 20-percent transfer between appropriations with the stipulation that not more than 30 percent can be added to any one of the first 8 of the 10 specified appropriations by virtue of the transfer.

This flexibility is particularly desirable not only with respect to the amounts for defense articles under specific categories but also with respect to the application of the amounts to any particular countries as exigencies may occur from time to time.

The bill contains 10 separate appropriations, 7 of which are devoted to categories of procurement of specific classes of defense articles and 3 of which are devoted to services. Each of these 10 appropriations is subject to allocation by the President to such department or agency, as he may deem advisable, to procure the type of defense articles needed. The total of the 7 procurement appropriations is \$6,750,000,000 and the total of those devoted to services is \$250,000,000.

A few of these categories are necessarily problematic, particularly the item of \$200,000,000 for repairing and reconditioning defense

articles. This must be so, due to inability to secure any substantial data upon which to base an estimate.

The 10 categories of appropriation into which the \$7,000,000,000 is divided consist of the following:

1. Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,343,000,000.

2. Aircraft and aeronautical material, including engines, spare parts, and accessories, \$2,054,000,000.

3. Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, \$362,000,000.

4. Vessels, ships, boats, and other watercraft, and equipage, supplies, materials, spare parts, and accessories, \$629,000,000.

5. Miscellaneous military equipment, supplies, and materials, \$260,000,000.

6. Facilities and equipment, for the manufacture or production of defense articles by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$752,000,000.

7. Agricultural, industrial, and other commodities and articles, \$1,350,000,000.

8. Testing, inspecting, proving, repairing, outfitting, reconditioning, etc., defense articles, \$200,000,000.

9. Services and expenses not specified or included in any of the foregoing, \$40,000,000.

10. Administrative expenses, \$10,000,000.

Each of these 10 appropriations will be accounted for as though it had been made in the normal fashion. The expenditures will be audited by the General Accounting Office. Treasury statements will show the expenditures under the appropriations in this bill in the same manner as other appropriation expenditures are exhibited.

The sum of \$7,000,000,000 is a large total for any single appropriation bill. The question naturally arises as to why all the fund should be granted at one time—why not appropriate some now, some more later, and some still later—take it piecemeal instead of all in one lump—because the amount is made available until June 30, 1943. The amount is based upon the procurement of definite quantities of defense articles. They have to be acquired for this specific purpose; they are in the main, not articles of commercial use. In some instances facilities must be constructed with which to produce them. It should be recalled that these funds are all to be expended by the United States Government and the defense articles to be procured will belong to the United States until the President decides pursuant to the law what shall be done with them. No officer of the United States can enter into commitments on behalf of the United States without first having an appropriation from which the entire commitment can be paid or without having other specific authority to make a commitment on behalf of the United States. If only a part of the funds are appropriated now only that part of the commitments for defense articles can be made that can be paid for with that amount of money. The initiation of the commitments for the rest of the defense articles must await until more money is available. Such a delay would be inexcusable and nonresponsive to the purposes and policy

expressed by the act. If all the money for all the program is available at one time, all the commitments for all the program can progress as rapidly as the executive officers can make the plans and enter into the contract. If the funds are appropriated in installments the program of procurement is apt to become an installment program in point of time. The committee was advised that substantially the entire amount of the funds provided would be required prior to July 1, 1942.

The committee has likewise canvassed the practicability of providing part of the \$7,000,000,000 in direct appropriation and part in contract authorization. So far as the obligation of the Government to pay is concerned a definite commitment through a contract made by an administrative officer against legislative authority to enter into contracts is as binding upon the United States as though the contract were made under a direct appropriation sufficient for its fulfillment. The Congress would have to appropriate to discharge the contract authority granted when the need for cash arose or repudiate obligations lawfully entered into. In effect contract authorizations granted by Congress to permit administrative officials to initiate procurement programs are deferred appropriations and the only point in giving a contract authorization is to defer the appropriation to the end that the appropriations and the cash withdrawals from the Treasury may more nearly harmonize on a fiscal-year basis. In the present instance if part of this money is given in cash and part in contract authorization it will advertise to those seeking information with respect to the military characteristics of the program what part of it is long range and what part is relatively short range. So far as a division between cash and contract is concerned there is no particular advantage to the United States in providing the funds in that fashion, but there would be circumlocution in our bookkeeping. There is a particular disadvantage to those we are seeking to aid.

The committee is advised that under the terms of the bill the procedure to be followed will be the allocation from the particular appropriations involved to a Federal agency for procuring certain defense articles or furnishing certain services authorized by the act of March 11. The agency receiving such an allotment will then proceed to procure the defense articles or perform the services in accordance with the laws which are applicable at that time to that agency in connection with making its own similar procurements or performing its own similar services. No new procedures or departures from existing practices and requirements are contemplated.

The total appropriation in this bill is \$7,000,000,000. Public Law No. 11, section 3 (a) (2), provides that the value of the defense articles procured from appropriations made before the enactment of that act and disposed of under the authority of that paragraph shall not exceed \$1,300,000,000. This sum plus the \$7,000,000,000 carried in this bill makes a total ceiling of aid of \$8,300,000,000. The committee has included in the bill, however, in modified and clarified form the Budget recommendation (sec. 2) that the President may order the transfer from any of the appropriations in the bill to the appropriate appropriation of the department or agency, which procured such a defense article and by which it was disposed of, an amount equivalent to the value of the defense article so disposed of,

but the total of such transfers shall not exceed the total of \$1,300,000,000. This transfer provision, to the extent it is availed of, will operate to reduce the ceiling of \$8,300,000,000. For example, if the entire \$1,300,000,000 in value of defense articles should be disposed of under the law and the President should determine that \$500,000,000 should be transferred to the furnishing agencies for replacement purposes, the ceiling of aid becomes a total of \$7,800,000,000 instead of \$8,300,000,000 and the amount available under this bill for new aid becomes \$6,500,000,000 instead of \$7,000,000,000. The Budget recommendation provided for transfer from the appropriations to cover the value of defense articles disposed of subject to the \$1,300,000,000 limit and the value of defense articles that might be disposed of in the future under such appropriations as might be made available hereafter for that purpose. The committee has confined the transfer proposal to the \$1,300,000,000 and prefers to cross the bridge of the future when it comes to it.

This transfer provision will also have the effect of protecting our own defenses in that it will make it possible to provide for replacement of defense articles that are disposed of under the \$1,300,000,000 that are deemed necessary to be replaced in the interest of our own defenses. It will also be in the interest of maintaining an orderly record of the cost of the entire aid program. Without some such arrangement, it might become necessary for replacement of any such defense articles to await future appropriations and with a consequent delay and with confusion in the cost records of the entire aid program.

The committee has suggested during the course of the hearings and has received assurances that the Bureau of the Budget will maintain appropriate central records in connection with the finances of this program. Such central recording should include the allocation of funds for procurement and reimbursement, the periodic statement of obligation of funds, and other appropriate fiscal data in connection therewith, so that this information may be currently available for the information of Congress. The committee has also received assurances that appropriate centralized informational records will be kept of procurements and other progress so that there will be available the principal progress data for such access as the appropriate jurisdictional committees of Congress may wish.

The committee deems it advisable to incorporate section 3, which provides that any defense article procured from funds in the bill shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in his judgment the defense of the United States will be best served thereby. Obviously if our own need at any point in the program should precipitously become more important than the furnishing of aid to a country whose defense the President had deemed vital to the defense of the United States, the right should exist to retain and use for our own immediate necessities such defense articles as the President should consider would best serve our own interests.

The committee has included as section 4 a provision prohibiting the use of any of the money contained in the bill for paying the salary or wages of any person who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence. This section is identical with similar provisions

adopted by the House at this session in connection with other appropriation bills.

For the convenience of the House membership there is reprinted as an appendix to this report the text of "An act to promote the defense of the United States, approved March 11, 1941" (H. R. 1776, Public Law No. 11, 77th Cong.).

The committee is aware of the very grave responsibility it has in recommending this huge appropriation. It has considered it from all angles and concludes that if effective implementation is to be given to the recent law providing for this aid there is no other recourse than the full amount. Either the United States means what it said in "An act to promote the defense of the United States" and goes in whole-heartedly, enthusiastically, and expeditiously to become the arsenal and storehouse of defense articles for aid to the beleaguered democracies whom we have avowed to assist in order to promote our own defenses, or we become a faltering welcher on the promises we have held out to those brave countries and their people who are looking in this direction for the ray of sunshine that will illumine the dark pathway they are treading. We either give an all-out assistance or we fall down on the job. No halfway measures can be countenanced at this critical stage.

The committee also desires to call the attention of the executive agencies of the Government to the serious responsibility that rests upon them under any allocations the President may make for them to administer. Procurements should be made with the utmost care to protect the interests of the United States, contracts should be carefully drawn with appropriate cancelation provisions to protect the Government, and every official should regard this task as important as if his own individual life depended upon its faithful and prudent administration. The patriotic endeavors of industry, labor, and all other citizens are needed. A unified, harmonious effort by all the people of the United States behind this program will carry it forward successfully and promptly. The news of that program and this effort will be an inspiration to every citizen of every nation we are seeking to aid. That tonic and the defense articles we furnish them should be their salvation and ours.

APPENDIX

[PUBLIC LAW 11—77TH CONGRESS]

[CHAPTER 11—1ST SESSION]

[H. R. 1776]

AN ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as “An Act to Promote the Defense of the United States”.

SEC. 2. As used in this Act—

(a) The term “defense article” means—

- (1) Any weapon, munition, aircraft, vessel, or boat;
- (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
- (3) Any component material or part of or equipment for any article described in this subsection;
- (4) Any agricultural, industrial or other commodity or article for defense.

Such term “defense article” includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term “defense information” means any plan, specification, design, prototype, or information pertaining to any defense article.

SEC. 3. (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles

shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a): except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of conveying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

SEC. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

SEC. 5. (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated

by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 6. (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

SEC. 7. The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

SEC. 8. The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

SEC. 9. The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

SEC. 10. Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

SEC. 11. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941.





NOTICE: This bill is given out subject to release when consideration of it has been completed by the Whole Committee. Please check on such action before release in order to be advised of any changes.

[FULL COMMITTEE PRINT]

Union Calendar No.

77TH CONGRESS
1ST SESSION

H. R.

[Report No.]

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1941

Mr. TAYLOR, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the state of the Union and ordered to be printed

A BILL

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That to enable the President, through such departments or
4 agencies of the Government as he may designate, to carry
5 out the provisions of An Act to Promote the Defense of
6 the United States, approved March 11, 1941, and for each

J. 300437

1 and every purpose incident to or necessary therefor, there
2 is hereby appropriated, out of any money in the Treasury
3 not otherwise appropriated, the following sums for the fol-
4 lowing respective purposes, namely:

5 (a) For the procurement, by manufacture or otherwise,
6 of defense articles for the government of any country whose
7 defense the President deems vital to the defense of the
8 United States, including services and expenses in connection
9 therewith, as follows:

10 (1) Ordnance and ordnance stores, supplies, spare
11 parts, and materials, including armor and ammunition and
12 components thereof, \$1,343,000,000.

13 (2) Aircraft and aeronautical material, including en-
14 gines, spare parts, and accessories, \$2,054,000,000.

15 (3) Tanks, armored cars, automobiles, trucks, and other
16 automotive vehicles, spare parts, and accessories, \$362,-
17 000,000.

18 (4) Vessels, ships, boats, and other watercraft, and
19 equipage, supplies, materials, spare parts, and accessories,
20 \$629,000,000.

21 (5) Miscellaneous military equipment, supplies, and
22 materials, \$260,000,000.

23 (6) Facilities and equipment, for the manufacture or
24 production of defense articles, by construction or acquisition,

1 including the acquisition of land, and the maintenance
2 and operation of such facilities and equipment. \$752,000,000.

3 (7) Agricultural, industrial, and other commodities and
4 articles, \$1,350,000,000.

5 (b) For testing, inspecting, proving, repairing, outfit-
6 ting, reconditioning, or otherwise placing in good working
7 order any defense articles for the government of any country
8 whose defense the President deems vital to the defense of
9 the United States, including services and expenses in con-
10 nection therewith, \$200,000,000.

11 (c) Not to exceed 20 per centum of any of the fore-
12 going eight appropriations may be transferred by the Pres-
13 ident to any other such appropriation, but no appropriation
14 shall be increased by more than 30 per centum.

15 (d) For necessary services and expenses for carrying
16 out the purposes of such Act not specified or included in the
17 foregoing, \$40,000,000.

18 (e) For administrative expenses, \$10,000,000.

19 (f) In all, \$7,000,000,000, to remain available until
20 June 30, 1943.

21 SEC. 2. If any defense article procured from an appro-
22 priation made before March 11, 1941, is disposed of, under
23 such Act of March 11, 1941, by any department or agency
24 to the government of any country whose defense the Presi-

1 dent deemed vital to the defense of the United States, the
2 President may transfer, from the appropriations made by
3 this Act to the appropriate appropriation of such depart-
4 ment or agency, an amount equivalent to the value (as
5 computed for the purposes of the \$1,300,000,000 limitation
6 contained in section 3 (a) (2) of such Act of March 11,
7 1941) of the defense article so disposed of, but not to exceed
8 in the aggregate \$1,300,000,000.

9 SEC. 3. Any defense article procured from an appropria-
10 tion made by this Act shall be retained by or transferred to
11 and for the use of such department or agency of the United
12 States as the President may determine, in lieu of being dis-
13 posed of to a foreign government, whenever in the judgment
14 of the President the defense of the United States will be
15 best served thereby.

16 SEC. 4. No part of any appropriation contained in this
17 Act shall be used to pay the salary or wages of any person
18 who advocates, or who is a member of an organization
19 that advocates, the overthrow of the Government of the
20 United States by force or violence: *Provided*, That for the
21 purposes hereof an affidavit shall be considered *prima facie*
22 evidence that the person making the affidavit does not
23 advocate, and is not a member of an organization that
24 advocates, the overthrow of the Government of the United
25 States by force or violence: *Provided further*, That any

1 person who advocates, or who is a member of an organization
2 that advocates, the overthrow of the Government of the
3 United States by force or violence and accepts employment
4 the salary or wages for which are paid from any appropria-
5 tion in this Act shall be guilty of a felony and, upon convic-
6 tion, shall be fined not more than \$1,000 or imprisoned
7 for not more than one year, or both: *Provided further,*
8 That the above penalty clause shall be in addition to, and
9 not in substitution for, any other provisions of existing law.

10 SEC. 5. This Act may be cited as the "Defense Aid
11 Supplemental Appropriation Act, 1941."

A BILL

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

By Mr. TAYLOR

MARCH 18, 1941

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed



77TH CONGRESS } 1st Session }	HOUSE OF REPRESENTATIVES {	REPORT No. 276
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DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

MARCH 18, 1941.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. TAYLOR, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 4050]

The Committee on Appropriations submits the following report in explanation of the accompanying bill entitled "A bill making supplemental appropriations for the national defense to provide aid to the Government of any country whose defense the President deems vital to the defense of the United States, and for other purposes," with a recommendation for immediate consideration and early enactment.

The purpose of the bill is to provide the necessary appropriations to carry into effect an act to promote the defense of the United States, approved March 11, 1941.

The Budget estimates upon which this bill is based were transmitted to Congress on March 12 by the President in a letter addressed to the Speaker of the House of Representatives (H. Doc. No. 139) requesting a total of direct appropriations of \$7,000,000,000.

The letter of the President to the Speaker is as follows:

THE WHITE HOUSE,
Washington, March 12, 1941.

HON. SAM RAYBURN,
Speaker, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: This Nation has felt that it was imperative to the security of America, that we encourage the democracies' heroic resistance to aggressions, by not only maintaining but also increasing the flow of material

assistance from this country. Therefore, the Congress has enacted and I have signed H. R. 1776.

Through this legislation our country has determined to do its full part in creating an adequate arsenal of democracy. This great arsenal will be here in this country. It will be a bulwark of our own defense. It will be the source of the tools of defense for all democracies who are fighting to preserve themselves against aggression.

While the defense equipment produced under H. R. 1776 remains under the control of the United States until it is ready for disposition, it is the fixed policy of this Government to make for democracies every gun, plane, and munition of war that we possibly can.

To accomplish these objectives I am transmitting an estimate in the amount of \$7,000,000,000, the details of which are set forth in the accompanying letter from the Director of the Bureau of the Budget. I strongly urge the immediate enactment of this appropriation.

Respectfully,

FRANKLIN D. ROOSEVELT.

This Budget estimate was received on March 12. The committee held hearings on March 13, 14, and 15, having before it the Secretary of State, the Secretary of War, the Secretary of the Navy, the Chief of Staff of the Army, the Assistant Chief of Naval Operations, the Director General of the Office of Production Management (Mr. Knudsen), the Director of the Bureau of the Budget, and other officials concerned with the planning of the program.

The estimates upon which the bill is based were carefully prepared after a survey of the requirements to carry out the act of March 11. The work of the survey was facilitated by the furnishing by the British Government of a specific list of its needs. That list has been studied by the War and Navy Departments and other agencies concerned and by the Office of Production Management and in consultation with the representatives of that Government. The program under the \$7,000,000,000 has been coordinated and correlated with our own needs for our own defense. It represents in terms of money and quantities of defense articles the needs for assistance as they can be seen at this time. The sum is stupendous and the program is gigantic but the issue is greater than both.

The committee has incorporated in the bill the full amount of the Budget estimate of \$7,000,000,000 distributed according to the 10 categories of appropriation. The policy of aid to countries whose defense may be determined to be vital to the defense of the United States has been established with the approval of an act to promote the defense of the United States on March 11 (H. R. 1776, Public Law No. 11). The remaining step to start the full impact of that policy is to implement with funds the agencies which the President may designate to carry out the purposes of the law. In urging expedition in the granting of the appropriations the committee has in mind the legislative history of H. R. 1776. That bill was introduced in the House of Representatives on January 10, reported to the House on January 30, passed the House on February 8, reported to the Senate on February 13, passed the Senate on March 8. The House concurred in the Senate amendments on March 11 and the President signed the bill immediately. The program now needs to proceed with the utmost expedition consistent with prudence if it is to have the effect which the law contemplates and which the American people unquestionably overwhelmingly approve.

The committee invites attention to the remarks of the Secretary of State at the opening of the hearing on these appropriations. They are a clear and cogent restatement of the policy and purpose of our Government in approving an act to promote the defense of the United States and of the urgency of providing the appropriations called for by the bill. The following excerpt epitomizes the statement:

Secretary HULL. * * *. Our safety and the success of the course upon which we have set ourselves demand the courage and the wisdom to go full out in furnishing adequate material aid to the nations whose defense is necessary to our defense. When we do this, we take the most effective step possible in the circumstances to keep war away from our hemisphere, from our own Nation. Doing this, we act in defense of our homes, our institutions, our liberties, our way of life.

In this task, half measures will not suffice. There is much to be done and the task is urgent. We must strive with all our will, all our power, and all our resources. To be content with less would be to invite disaster. No people in history have had such opportunity to learn from the tragic example of others. We cannot stint and we must not falter.

It has been deemed advisable by the committee and in consonance with the advice of the administrative officials concerned that all of the usual minute justification of appropriations should not be discussed in the printed hearing. The total appropriation of \$7,000,000,000 and the several categories of the 10 appropriations constituting that amount have been "broken down" for the committee into component elements and the committee is possessed of the itemization used by the Government agencies concerned in making up the individual amounts of the categories of appropriation which comprise the total.

The omission of this detail from the printed hearing is not occasioned by any desire to withhold information from the Congress and the public to which they are entitled. Rather it is a desire to withhold from certain foreign governments and their diligent agents detailed information which they should not have. The procurements under the funds in this bill are for weapons and instruments of war to aid countries which are engaged in a desperate struggle and whose success in that combat is vital to us. These details have a strategic value which must be carefully preserved. The committee ventures to express the hope that what might only be considered by some to be "interesting news" to the citizens of this country shall not become "strategic news" elsewhere to the harm of the very countries we are trying to assist and to ourselves.

There has been speculation on the part of some that the production of such vast amounts of defense articles for assistance to other countries might injure our own defense. The committee desires to quote from the very pertinent testimony of the Chief of Staff of the Army in response to a question from Representative Ludlow:

Mr. LUDLOW. General, I want to ask whether, in your opinion, providing these articles in aid to Britain will in any way endanger our own defense?

General MARSHALL. No, sir; on the contrary I think that as we now have matters arranged, the result will be to our advantage. Our own actual resources will not be diminished until the finished products come off the production line and are ready for shipment. Increased production will add to our strength until the time for distribution begins. I will go further and say this; that I would be a much happier man today if I thought we had reached a point in our production development where we actually had more capacity than we required. That would be the most favorable situation possible for us, in view of present conditions.

The committee has also been advised with respect to the utilization by the United States of the defense articles to be procured with these

funds in the event they are not disposed of for aid to any country whose defense is vital to the United States.

Secretary Stimson made this statement, which shows very commendable planning by the War Department and very commendable cooperation by the British:

* * * Of the War Department items, practically all or 95 percent are those which can be used for our own Army purposes and which would be vitally useful in case Britain should fall. Only 5 percent represent purely British types of weapons, including the facilities to be erected for such weapons, as distinguished from our American types and their facilities. And even in the case of this last 5 percent, the plant facilities necessary for construction—that is, the tools and the plants for these purely British items—could be used by us on very short notice.

In other words, as you are doubtless familiar, I might give as an example that the British use the .303-caliber rifle. The facilities for the construction of that rifle which they are using in this country today, under their contracts for its creation, could be transferred so as to manufacture the .30-caliber rifle which we use, I am informed, in about 2 months. And, in the same way, the facilities for the ammunition could be transformed. And that is true largely of other British items.

The committee has received from the Director General of the Office of Production Management a résumé from last June to date of the progress of our own defense efforts. Contracts placed for matériel total \$12,600,000,000. Contracts for construction on 302 Government plants total \$1,574,000,000. A total of 421 privately financed prime contractors' plants have been certified for assistance in the amount of \$393,000,000. The total for facilities, governmental, or privately owned assisted with Federal funds, is \$2,138,000,000 on a total of 723 plants. In addition the British Government has financed 61 plants for a total of \$171,000,000. Mr. Knudsen advised the committee that if funds are provided for the facilities contemplated by the bill they can be procured in a reasonable time and will meet the needs for procurement of the matériel. Some existing facilities will be available in addition to those which the British Government has provided and which will become available rapidly as they run out of British orders.

The committee has also made inquiry as to British resources and orders placed in this country. The total of such orders placed by the British Purchasing Mission to January 1, 1941, is \$2,700,000,000. Payments on these orders to March 12 totaled \$1,682,000,000, consisting of \$1,300,000,000 paid prior to January 1, 1941, and \$382,000,000 paid during the period January 1 to March 12, 1941. All goods delivered under these orders have been paid for in cash and some goods not delivered have been partially paid for in advance. The committee has been assured that none of the \$7,000,000,000 contained in the bill will be used to pay for materials under any orders heretofore placed by the British Government and that sufficient existing dollar resources and dollars to be acquired by them will be available to pay for those orders. The estimated British holdings in the United States as of January 1 last consisted of \$616,000,000 of marketable securities, \$900,000,000 in direct investments, \$292,000,000 in gold, \$54,000,000 in official dollar balances, and \$305,000,000 in private dollar balances. These figures necessarily have changed as these resources have been drawn upon between January 1 and March 12 by \$382,000,000 to meet payments for the goods ordered. The committee is also advised that the British assets in this country insofar as they are not needed for payment on their orders here will

be given as security on defense articles which the United States may furnish to them.

Britain is engaged in a terrific struggle. The expenditures of the United Kingdom and the Dominions are currently amounting monthly to \$1,750,000,000, of which \$1,500,000,000 is by the United Kingdom and \$250,000,000 by the Dominions. Canada will spend \$1,400,000,000 in the fiscal year 1941-42 on her direct war effort, which is 25 percent of her expected national income.

The agreements with the governments to be assisted under "An act to promote the defense of the United States" rest with the President of the United States. His is the responsibility to determine the terms and conditions under which the nations receiving this aid should make a return to the United States. A nation engaged in a death struggle with a mortal enemy needs, in addition to the tools of war, the maintenance of its own economy and financial stability in order to pursue successfully its efforts. If the United States furnishes Great Britain with defense articles but upsets her economy the aims and purposes of our assistance would be defeated.

The committee desires to call attention to the form in which the appropriations are made in this bill. It is not a "blank check" appropriation. Public Law No. 11 provides that the President may authorize the head of any department or agency to procure the defense articles which that act specifies for aid to any country whose defense is vital to the United States. It is not practicable, considering the problems involved in this huge program, to appropriate specifically in terms of the normal Government appropriations in the usual detail to each of the agencies and each of the bureaus and other offices concerned and "freeze" the procuring funds in customarily rigid channels. It should be borne in mind that the appropriations in this bill are for aid to countries that are at war. That war is being fought on the high seas of the world, in Europe and in Africa, and with hostilities and moves of conquest in Asia. The important theaters of the war are shifting rapidly from one area to another. Changes are occurring constantly in the types of weapons and their use. A program of aid such as this must be as flexible as a program of use in combat. The needs may change frequently and the emphasis on certain needs may shift to others. The committee therefore feels that it is highly desirable that flexibility should be provided and to that end has approved the proposal for a 20-percent transfer between appropriations with the stipulation that not more than 30 percent can be added to any one of the first 8 of the 10 specified appropriations by virtue of the transfer.

This flexibility is particularly desirable not only with respect to the amounts for defense articles under specific categories but also with respect to the application of the amounts to any particular countries as exigencies may occur from time to time.

The bill contains 10 separate appropriations, 7 of which are devoted to categories of procurement of specific classes of defense articles and 3 of which are devoted to services. Each of these 10 appropriations is subject to allocation by the President to such department or agency, as he may deem advisable, to procure the type of defense articles needed. The total of the 7 procurement appropriations is \$6,750,000,000 and the total of those devoted to services is \$250,000,000.

A few of these categories are necessarily problematic, particularly the item of \$200,000,000 for repairing and reconditioning defense

articles. This must be so, due to inability to secure any substantial data upon which to base an estimate.

The 10 categories of appropriation into which the \$7,000,000,000 is divided consist of the following:

1. Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,343,000,000.

2. Aircraft and aeronautical material, including engines, spare parts, and accessories, \$2,054,000,000.

3. Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, \$362,000,000.

4. Vessels, ships, boats, and other watercraft, and equipage, supplies, materials, spare parts, and accessories, \$629,000,000.

5. Miscellaneous military equipment, supplies, and materials, \$260,000,000.

6. Facilities and equipment, for the manufacture or production of defense articles by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$752,000,000.

7. Agricultural, industrial, and other commodities and articles, \$1,350,000,000.

8. Testing, inspecting, proving, repairing, outfitting, reconditioning, etc., defense articles, \$200,000,000.

9. Services and expenses not specified or included in any of the foregoing, \$40,000,000.

10. Administrative expenses, \$10,000,000.

Each of these 10 appropriations will be accounted for as though it had been made in the normal fashion. The expenditures will be audited by the General Accounting Office. Treasury statements will show the expenditures under the appropriations in this bill in the same manner as other appropriation expenditures are exhibited.

The sum of \$7,000,000,000 is a large total for any single appropriation bill. The question naturally arises as to why all the fund should be granted at one time—why not appropriate some now, some more later, and some still later—take it piecemeal instead of all in one lump—because the amount is made available until June 30, 1943. The amount is based upon the procurement of definite quantities of defense articles. They have to be acquired for this specific purpose; they are in the main, not articles of commercial use. In some instances facilities must be constructed with which to produce them. It should be recalled that these funds are all to be expended by the United States Government and the defense articles to be procured will belong to the United States until the President decides pursuant to the law what shall be done with them. No officer of the United States can enter into commitments on behalf of the United States without first having an appropriation from which the entire commitment can be paid or without having other specific authority to make a commitment on behalf of the United States. If only a part of the funds are appropriated now only that part of the commitments for defense articles can be made that can be paid for with that amount of money. The initiation of the commitments for the rest of the defense articles must wait until more money is available. Such a delay would be inexcusable and nonresponsive to the purposes and policy

expressed by the act. If all the money for all the program is available at one time, all the commitments for all the program can progress as rapidly as the executive officers can make the plans and enter into the contract. If the funds are appropriated in installments the program of procurement is apt to become an installment program in point of time. The committee was advised that substantially the entire amount of the funds provided would be required prior to July 1, 1942.

The committee has likewise canvassed the practicability of providing part of the \$7,000,000,000 in direct appropriation and part in contract authorization. So far as the obligation of the Government to pay is concerned a definite commitment through a contract made by an administrative officer against legislative authority to enter into contracts is as binding upon the United States as though the contract were made under a direct appropriation sufficient for its fulfillment. The Congress would have to appropriate to discharge the contract authority granted when the need for cash arose or repudiate obligations lawfully entered into. In effect contract authorizations granted by Congress to permit administrative officials to initiate procurement programs are deferred appropriations and the only point in giving a contract authorization is to defer the appropriation to the end that the appropriations and the cash withdrawals from the Treasury may more nearly harmonize on a fiscal-year basis. In the present instance if part of this money is given in cash and part in contract authorization it will advertise to those seeking information with respect to the military characteristics of the program what part of it is long range and what part is relatively short range. So far as a division between cash and contract is concerned there is no particular advantage to the United States in providing the funds in that fashion, but there would be circumlocation in our bookkeeping. There is a particular disadvantage to those we are seeking to aid.

The committee is advised that under the terms of the bill the procedure to be followed will be the allocation from the particular appropriations involved to a Federal agency for procuring certain defense articles or furnishing certain services authorized by the act of March 11. The agency receiving such an allotment will then proceed to procure the defense articles or perform the services in accordance with the laws which are applicable at that time to that agency in connection with making its own similar procurements or performing its own similar services. No new procedures or departures from existing practices and requirements are contemplated.

The total appropriation in this bill is \$7,000,000,000. Public Law No. 11, section 3 (a) (2), provides that the value of the defense articles procured from appropriations made before the enactment of that act and disposed of under the authority of that paragraph shall not exceed \$1,300,000,000. This sum plus the \$7,000,000,000 carried in this bill makes a total ceiling of aid of \$8,300,000,000. The committee has included in the bill, however, in modified and clarified form the Budget recommendation (sec. 2) that the President may order the transfer from any of the appropriations in the bill to the appropriate appropriation of the department or agency, which procured such a defense article and by which it was disposed of, an amount equivalent to the value of the defense article so disposed of,

but the total of such transfers shall not exceed the total of \$1,300,000,000. This transfer provision, to the extent it is availed of, will operate to reduce the ceiling of \$8,300,000,000. For example, if the entire \$1,300,000,000 in value of defense articles should be disposed of under the law and the President should determine that \$500,000,000 should be transferred to the furnishing agencies for replacement purposes, the ceiling of aid becomes a total of \$7,800,000,000 instead of \$8,300,000,000 and the amount available under this bill for new aid becomes \$6,500,000,000 instead of \$7,000,000,000. The Budget recommendation provided for transfer from the appropriations to cover the value of defense articles disposed of subject to the \$1,300,000,000 limit and the value of defense articles that might be disposed of in the future under such appropriations as might be made available hereafter for that purpose. The committee has confined the transfer proposal to the \$1,300,000,000 and prefers to cross the bridge of the future when it comes to it.

This transfer provision will also have the effect of protecting our own defenses in that it will make it possible to provide for replacement of defense articles that are disposed of under the \$1,300,000,000 that are deemed necessary to be replaced in the interest of our own defenses. It will also be in the interest of maintaining an orderly record of the cost of the entire aid program. Without some such arrangement, it might become necessary for replacement of any such defense articles to await future appropriations with consequent delay and with confusion in the cost records of the entire aid program.

The committee has suggested during the course of the hearings that the Bureau of the Budget maintain appropriate central records in connection with the finances of this program and has received assurances that the suggestion will be followed. Such central recording should include the allocation of funds for procurement and reimbursement, the periodic statement of obligation of funds, and other appropriate fiscal data in connection therewith, so that this information may be currently available for the information of Congress. The committee has also received assurances that appropriate centralized informational records will be kept of procurements and other progress so that there will be available the principal progress data for such access as the appropriate jurisdictional committees of Congress may wish.

The committee deems it advisable to incorporate section 3, which provides that any defense article procured from funds in the bill shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in his judgment the defense of the United States will be best served thereby. Obviously if our own need at any point in the program should precipitously become more important than the furnishing of aid to a country whose defense the President had deemed vital to the defense of the United States, the right should exist to retain and use for our own immediate necessities such defense articles as the President should consider would best serve our own interests.

The committee has included as section 4 a provision prohibiting the use of any of the money contained in the bill for paying the salary or wages of any person who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence. This section is identical with similar provisions

adopted by the House at this session in connection with other appropriation bills.

For the convenience of the House membership there is reprinted as an appendix to this report the text of "An act to promote the defense of the United States, approved March 11, 1941" (H. R. 1776, Public Law No. 11, 77th Cong.).

The committee is aware of the very grave responsibility it has in recommending this huge appropriation. It has considered it from all angles and concludes that if effective implementation is to be given to the recent law providing for this aid there is no other course but to provide the full amount. Either the United States means what it said in "An act to promote the defense of the United States" and goes in whole-heartedly, enthusiastically, and expeditiously to become the arsenal and storehouse of defense articles for aid to the beleaguered democracies whom we have avowed to assist in order to promote our own defenses, or we become a faltering "welsher" on the promises we have held out to those brave countries and their people who are looking in this direction for the ray of sunshine that will illumine the dark pathway they are treading. We either give an all-out assistance or we fall down on the job. No halfway measures can be countenanced at this critical stage.

The committee also desires to call the attention of the executive agencies of the Government to the serious responsibility that rests upon them under any allocations the President may make for them to administer. Procurements should be made with the utmost care to protect the interests of the United States, contracts should be carefully drawn with appropriate cancelation provisions to protect the Government, and every official should regard this task as important as if his own individual life depended upon its faithful and prudent administration. The patriotic endeavors of industry, labor, and all other citizens are needed. A unified, harmonious effort by all the people of the United States behind this program will carry it forward successfully and promptly. The news of that program and this effort will be an inspiration to every citizen of every nation we are seeking to aid. That tonic and the defense articles we furnish them should be their salvation and ours.

APPENDIX

[PUBLIC LAW 11—77TH CONGRESS]

[CHAPTER 11—1ST SESSION]

[H. R. 1776]

AN ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as “An Act to Promote the Defense of the United States”.

SEC. 2. As used in this Act—

(a) The term “defense article” means—

- (1) Any weapon, munition, aircraft, vessel, or boat;
- (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
- (3) Any component material or part of or equipment for any article described in this subsection;
- (4) Any agricultural, industrial or other commodity or article for defense.

Such term “defense article” includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term “defense information” means any plan, specification, design, prototype, or information pertaining to any defense article.

SEC. 3. (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles

shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

SEC. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

SEC. 5. (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated

by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transcribed to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 6. (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

SEC. 7. The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

SEC. 8. The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

SEC. 9. The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

SEC. 10. Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

SEC. 11. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941.



Union Calendar No. 82

77TH CONGRESS
1ST SESSION

H. R. 4050

[Report No. 276]

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1941

Mr. TAYLOR, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the state of the Union and ordered to be printed

A BILL

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That to enable the President, through such departments or
4 agencies of the Government as he may designate, to carry
5 out the provisions of An Act to Promote the Defense of
6 the United States, approved March 11, 1941, and for each

1 and every purpose incident to or necessary therefor, there
2 is hereby appropriated, out of any money in the Treasury
3 not otherwise appropriated, the following sums for the fol-
4 lowing respective purposes, namely:

5 (a) For the procurement, by manufacture or otherwise,
6 of defense articles for the government of any country whose
7 defense the President deems vital to the defense of the
8 United States, including services and expenses in connection
9 therewith, as follows:

10 (1) Ordnance and ordnance stores, supplies, spare
11 parts, and materials, including armor and ammunition and
12 components thereof, \$1,343,000,000.

13 (2) Aircraft and aeronautical material, including en-
14 gines, spare parts, and accessories, \$2,054,000,000.

15 (3) Tanks, armored cars, automobiles, trucks, and other
16 automotive vehicles, spare parts, and accessories, \$362,-
17 000,000.

18 (4) Vessels, ships, boats, and other watercraft, and
19 equipage, supplies, materials, spare parts, and accessories,
20 \$629,000,000.

21 (5) Miscellaneous military equipment, supplies, and
22 materials, \$260,000,000.

23 (6) Facilities and equipment, for the manufacture or
24 production of defense articles, by construction or acquisition,

1 including the acquisition of land, and the maintenance
2 and operation of such facilities and equipment, \$752,000,000.

3 (7) Agricultural, industrial, and other commodities and
4 articles, \$1,350,000,000.

5 (b) For testing, inspecting, proving, repairing, outfit-
6 ting, reconditioning, or otherwise placing in good working
7 order any defense articles for the government of any country
8 whose defense the President deems vital to the defense of
9 the United States, including services and expenses in con-
10 nection therewith, \$200,000,000.

11 (c) Not to exceed 20 per centum of any of the fore-
12 going eight appropriations may be transferred by the Pres-
13 ident to any other such appropriation, but no appropriation
14 shall be increased by more than 30 per centum.

15 (d) For necessary services and expenses for carrying
16 out the purposes of such Act not specified or included in the
17 foregoing, \$40,000,000.

18 (e) For administrative expenses, \$10,000,000.

19 (f) In all, \$7,000,000,000, to remain available until
20 June 30, 1943.

21 SEC. 2. If any defense article procured from an appro-
22 priation made before March 11, 1941, is disposed of, under
23 such Act of March 11, 1941, by any department or agency
24 to the government of any country whose defense the Presi-

1 dent deemed vital to the defense of the United States, the
2 President may transfer, from the appropriations made by
3 this Act to the appropriate appropriation of such depart-
4 ment or agency, an amount equivalent to the value (as
5 computed for the purposes of the \$1,300,000,000 limitation
6 contained in section 3 (a) (2) of such Act of March 11,
7 1941) of the defense article so disposed of, but not to exceed
8 in the aggregate \$1,300,000,000.

9 SEC. 3. Any defense article procured from an appropria-
10 tion made by this Act shall be retained by or transferred to
11 and for the use of such department or agency of the United
12 States as the President may determine, in lieu of being dis-
13 posed of to a foreign government, whenever in the judgment
14 of the President the defense of the United States will be
15 best served thereby.

16 SEC. 4. No part of any appropriation contained in this
17 Act shall be used to pay the salary or wages of any person
18 who advocates, or who is a member of an organization
19 that advocates, the overthrow of the Government of the
20 United States by force or violence: *Provided*, That for the
21 purposes hereof an affidavit shall be considered prima facie
22 evidence that the person making the affidavit does not
23 advocate, and is not a member of an organization that
24 advocates, the overthrow of the Government of the United
25 States by force or violence: *Provided further*, That any

1 person who advocates, or who is a member of an organization
2 that advocates, the overthrow of the Government of the
3 United States by force or violence and accepts employment
4 the salary or wages for which are paid from any appropria-
5 tion in this Act shall be guilty of a felony and, upon convic-
6 tion, shall be fined not more than \$1,000 or imprisoned
7 for not more than one year, or both: *Provided further,*
8 That the above penalty clause shall be in addition to, and
9 not in substitution for, any other provisions of existing law.

10 SEC. 5. This Act may be cited as the "Defense Aid
11 Supplemental Appropriation Act, 1941."

77TH CONGRESS
1ST SESSION

H. R. 4050

[Report No. 276]

A BILL

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

By Mr. TAYLOR

MARCH 18, 1941

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

bility Act, approved May 3, 1935; to the Committee on the District of Columbia.

By Mr. ROLPH:

H. R. 4037. A bill suspending the requirement of an annual assessment of work on certain mining claims; to the Committee on Mines and Mining.

By Mr. YOUNG:

H. R. 4038. A bill to lower to 18 the age limit of those liable for training and service under the Selective Training and Service Act of 1940; to the Committee on Military Affairs.

By Mr. CURTIS:

H. R. 4039. A bill establishing in the Department of Labor a Bureau for the Welfare of the Deaf, and for other purposes; to the Committee on Labor.

By Mr. HOFFMAN:

H. R. 4040. A bill to prevent interference with the act to promote the defense of the United States, commonly known as the Lend-Lease Act; to the Committee on the Judiciary.

By Mr. VOORHIS of California:

H. R. 4041. A bill to amend the Social Security Act, and for other purposes; to the Committee on Ways and Means.

H. R. 4042. A bill to amend the Social Security Act, and for other purposes; to the Committee on Ways and Means.

By Mr. WHELCHER:

H. R. 4043. A bill to extend the reemployment benefits under the Selective Training and Service Act of 1940 to Government employees who during the existing emergency enlist in the land or naval forces of the United States or in the Coast Guard; to the Committee on Military Affairs.

By Mr. DIRKSEN:

H. R. 4044. A bill to provide the Congress with information on which to base the annual payment by the United States Government toward defraying the expenses of the government of the District of Columbia; to the Committee on the District of Columbia.

By Mr. EDMISTON:

H. J. Res. 141. Joint resolution relating to the use of existing establishments for defense production, and for other purposes; to the Committee on Military Affairs.

By Mr. BLAND:

H. Res. 145. Resolution for the consideration of H. R. 3252; to the Committee on Rules.

By Mr. DIMOND:

H. Res. 146. Resolution to authorize compensation for services of Hallie Reeves; to the Committee on Accounts.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Territory of Alaska, memorializing the President and the Congress of the United States with reference to House bill 2258, with recommendation for its immediate passage; to the Committee on the Merchant Marine and Fisheries.

Also, memorial of the Legislature of the State of Montana, requesting the President and the Congress of the United States to cancel all seed-wheat-loan contracts now existing between certain farmers of Montana and the United States of America; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Montana, requesting the President and the Congress of the United States to enact the bill introduced by the Honorable BURTON K. WHEELER in the United States Senate seeking the establishment of the United States assay office at Helena; to the Committee on Coinage, Weights, and Measures.

Also, memorial of the Legislature of the State of Montana, memorializing the President and the Congress of the United States to pass legislation authorizing the continuance of the purchase of silver; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHENOWETH:

H. R. 4045. A bill for the relief of Tony Clirone; to the Committee on Claims.

By Mr. KILDAY:

H. R. 4046. A bill authorizing the President of the United States to summon William D. Gill before an Army retiring board, and for other purposes; to the Committee on Military Affairs.

By Mr. KING:

H. R. 4047. A bill to grant a status of a quota immigrant to Dr. Wilhelm Wolfgang Krauss; to the Committee on Immigration and Naturalization.

By Mr. RANDOLPH:

H. R. 4048. A bill for the relief of Earl Collins; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

493. By Mr. LUTHER A. JOHNSON: Petition of J. H. Frazer, of Franklin, and Dr. Edith M. Bonnet, of San Antonio, Tex., favoring House bill 3492, by Mr. KILDAY; to the Committee on Interstate and Foreign Commerce.

494. Also, petition of Robert S. Smith, of Whitney, Tex., favoring House bill 630; to the Committee on the Civil Service.

495. By Mr. SMITH of West Virginia: Resolution adopted by the Charleston Clearing House Association, opposing the building of a seaway along the St. Lawrence River and the Great Lakes; to the Committee on Foreign Affairs.

496. By Mr. TALLE: Memorial of the Assembly of the State of Iowa, requesting the passage of a law to abate existing pollution and to prevent the future pollution of the Federal waters, streams, and lakes of the United States; to the Committee on Rivers and Harbors.

HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 18, 1941

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Ever-blessed God, Thou who art infinite truth and goodness, wilt Thou be pleased to hear us in this our petition. Thou art richer than anything on earth can signify, no emblem is fit for Thy justice, and there is no love so tender and enduring that can measure the love in the divine heart. We praise Thee for all the hidden treasure that is in Thy holy name. Grant that we may be warm in our friendships, strong in our convictions, and earnest in our endeavors to fulfill the urgent obligations to which we have been called. Let us hear Thy voice in the night, through the calling hours of each day, and in the confusion of the human elements, saying: "Fear not, I will go with thee all the way." Dear Lord, the task so often lingers in our thoughts and so soon we are weary by reason of human infirmities. O give us all succor, courage, and help that we may be established in the ways which are good, just, and wise. Hear our humble prayer and give us peace. Through Christ our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Baldridge, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 533. An act to amend section 4 (f) of the Communications Act of 1934, as amended, to provide for extra compensation for overtime of inspectors in charge and radio inspectors of the Field Division of the Engineering Department of the Federal Communications Commission;

H. R. 2703. An act for the relief of the estate of Joe L. McQueen;

H. R. 3440. An act for the relief of Edith Platt; and

H. R. 3441. An act for the relief of Daisy Fitzpatrick.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 326. An act to amend section 15 (g) of the Agricultural Marketing Act, as amended, relating to the definition of agricultural commodity;

S. 657. An act for the relief of certain United States commissioners;

S. 681. An act for the relief of Arthur Edgar Scroggin;

S. 836. An act for the relief of John C. Crossman;

S. 911. An act for the relief of William J. Furey;

S. 931. An act for the relief of Robert B. Ayers;

S. 1022. An act for the relief of Richard Gammon;

S. 1075. An act for the relief of George S. Geer; and

S. 1076. An act for the relief of Arthur A. Schipke.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 1692. An act for the relief of William F. Klieve.

EXTENSION OF REMARKS

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Wisconsin [Mr. BOLES], who is ill in the hospital, be allowed to extend his remarks on three occasions.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

Mr. WOODRUM of Virginia, from the Committee on Appropriations, reported the bill (H. R. 4050) making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes (Rept. No. 276), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER reserved all points of order against the bill.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record on the subject of old-age pensions and to include therein a memorial by the Legislature of the State of Washington.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. ALLEN of Louisiana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a statement prepared by the American Legion on the Bridges case.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

HARRY BRIDGES

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I hold in my hand a small item from this morning's paper wherein it is stated that Philip Murray says that Harry Bridges is being persecuted. Is Philip Murray putting himself in the same position as Harry Bridges? Harry Bridges has violated all the laws of decency, disturbed the peace, had men's jaws and arms broken, thrown stink bombs into their homes, and violated all the rules of individual liberty. Then Philip Murray says he is persecuted. I believe it is time the penitentiary or concentration camp gates open to such men as Harry Bridges and to Philip Murray if he joins in such sentiments. It is a crime that the President of the United States has to work with such men in our national-defense program. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an editorial on putting gold to work.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a brief editorial from *Il Progreso*, an Italian-American newspaper.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein two editorials.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include there-

in an address by R. M. Evans, Administrator of the A. A. A., delivered at St. Paul on March 14. This address may be a trifle longer than the two pages allowed, but I ask that even if it is it be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a letter I have received from Secretary Morgenthau.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks and include therein an article from the Washington News.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[Mr. HOFFMAN addressed the House. His remarks appear in the Appendix of the Record.]

CALL OF THE HOUSE

Mr. CANNON of Missouri. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 26]

Baumhart	Folger	Rankin, Mont.
Bolles	Gearhart	Reed, Ill.
Bradley, Pa.	Gifford	Rivers
Buck	Gillie	Robson, Ky.
Casey, Mass.	Grant, Ala.	Scanlon
Celler	Guyer, Kans.	Schaefer, Ill.
Chenoweth	Harrington	Secrest
Clark	Healey	Shannon
Clason	Heidinger	Smith, Pa.
Collins	Jenks, N. H.	Stevenson
Crowther	Keefe	Sullivan
Culkin	Kelly, Ill.	Sutphin
Curtis	LeCompte	Sweeney
Dies	McArdle	Taylor
Domengeaux	McGranery	Thill
Doug'as	Maas	Traynor
Elston	Mills, La.	Wadsworth
Engel	Myers, Pa.	White
Fish	O'Day	Wright
Flaherty	Osmers	
Fogarty	Plauché	

The SPEAKER. On this roll call 368 Members have answered to their names, a quorum.

On motion of Mr. McCORMACK, further proceedings under the call were dispensed with.

DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4050) making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense

of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 4050, the defense aid supplemental appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, with the indulgence of the committee I would like to proceed for a little while without interruption, believing that by doing this I can, perhaps, anticipate some of the questions in your minds about this very important piece of legislation. After that I shall be very happy to take as much time as the committee wishes me to take to endeavor to give you further information by answering questions.

In October 1937, 3½ years ago, the President of the United States, in speaking at Chicago, uttered these words: "America hates war, America hopes for peace, therefore, America diligently searches for peace." Much has happened in the world in the 3½ years that have elapsed since that statement. Many peoples of the earth who, like America, hated war, who like America, yearned for peace, have been ruthlessly overrun and have seen every vestige of freedom and liberty in their lands pass away. America has continued the search for peace. Time and again in these 3½ years, through the leadership of the President and the Secretary of State, the moral, the political, the industrial influence of America has been asserted in an effort to try to calm the mad passions of the men who have plunged the world into this awful war. Time and again the President's voice has been lifted. The voice of the Secretary of State and of other leaders in this country of all political faiths, have implored mankind to stop, to look, and to listen to reason to settle their difficulties—all to no avail.

I want to read you a brief extract from a statement made before our committee on this bill by the Secretary of State. Here is what Mr. Hull said at page 4 of the hearings:

Our safety and the success of the course upon which we have set ourselves demand the courage and the wisdom to go full out in furnishing adequate material aid to the nations whose defense is necessary to our defense. When we do this, we take the most effective step possible in the circumstances to keep war away from our hemisphere, from our own Nation.

Today, America again searches for the ways of peace, and it is because I devoutly believe that the processes we are here setting in motion are most surely the effective way to retain that peace and tranquility which we have in America that I come to you today to challenge my colleagues in the House of Representatives and our brethren at the other end

of the Capitol to give to America "all-out" in our effort to retain for our country and our shores the pleasant ways of peace. [Applause.]

During these 3½ years the way has often been dark, the pathway hard to find, our course uncertain; but out of all this uncertainty there are a few things that have developed into realisms, and I think one of them is this: I believe the people of this country, with a unanimity seldom seen in America, have come to the deliberate conclusion that there can be no peace for Europe or Asia or America, or any security or even any democratic way of life, if the forces of aggression win in this present world struggle. Therefore short days ago we concluded the enactment of H. R. 1776, which has become now Public Law No. 11 of the Seventy-seventh Congress. That law throws into operation the full economic and industrial forces of this great country for the cause of liberty and freedom.

This appropriation bill today implements Public Law No. 11. This action will be a transfusion of new life to the beleaguered democracies of the world. The world will see America with its unconquerable spirit, its vast and limitless resources, turn on its great industrial power in a 100-percent capacity effort to supply effective matériel to the defenders of freedom in the world. [Applause.] With this "all out" American effort there can and there will be only one result and that is the ultimate downfall of the dictators.

Yes; America hates war, Mr. President. America knows that war leaves only in its wake moral degeneration and economic loss and waste.

Yes; the people of America love peace, Mr. President, and today I believe from the hearts of 130,000,000 American citizens there floats up to the mercy seat the fervent prayer that the cup, the bitter cup of war, may not be pressed to our lips. We want to spare America the ravages of war. We want to spare American boys the necessity to bare their breasts to the bullets of the dictators. We want to spare American homes the sadness, the sorrow and distress, and suffering and death that ever follow in the wake of war, and it is because we hate war and it is because we love peace we are setting in motion as we are today the processes of peace and freedom and democracy, that those institutions which we love and which we revere may not perish from the face of the earth. Today again, like our forefathers of old, America stands ready to rededicate its property, aye, its life, if need be, that these institutions shall not perish. Paradoxical as it may seem, sometimes the only way to peace and to retain domestic tranquillity is by fighting for it.

It would be most unfortunate if any dictator, because of the speeches of peace that have been made in America, ever reached the tragic conclusion that the people of America are not ready to fight for the institutions they love, and in which they believe. Someone has said that only he deserves liberty who is willing to win it for himself every day. Yes; we love peace and we love freedom:

O Freedom! Thou art not, as poets dream,
A fair young girl, with light and delicate limbs,
And wavy tresses gushing from the cap
With which the Roman master crowned his slave
When he took off the gyves. A bearded man,
Armed to the teeth, art thou; one mailed hand
Grasps the broad shield, and one the sword;
thy brow,
Glorious in beauty tho' it be, is scarred
With tokens of old wars; thy massive limbs
Are strong with struggling. * * * Oh!
not yet
May'st thou unbrace thy corslet, nor lay by
Thy sword; nor yet, O Freedom! close thy lids
In slumber; for thine enemy never sleeps,
And thou must watch and combat 'til the day
Of the new earth and heaven. * * *

Now I want to talk about this appropriation bill. At the outset I desire to pay a very sincere and a very earnest tribute to the minority members of the subcommittee. They have worked diligently, splendidly, with great interest, in assisting and expediting the consideration of this bill; and particularly do I want to pay my respects to the able and distinguished gentleman from New York, JOHN TABER. [Applause.] Many times in the committee room, or around the committee table, and even on the floor of this House, I find myself in rather sharp disagreement with my distinguished and able friend, but I say today that he realizes, as most of us do, that the time for partisan debate is gone, the time for discussing and speaking about questions of policy has passed, and that America has made a great decision, and that it remains now for the people of America to breathe strength into that arm it has avowed it will uphold. So the great gentleman from New York, diligent, earnest, sincere Member of the minority that he is, today is an American first, and is here supporting the committee, as he has supported us from the beginning, in bringing this appropriation here for your consideration. [Applause.]

This bill is often spoken of as an "aid to Britain bill." Let us not forget in passing that this bill is for the purpose of aiding any country whose defense is necessary for the defense of America. While it may be that today Great Britain is the principal country involved, this situation changes from day to day, and it may be different tomorrow.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I prefer to continue a little while, and I shall be glad later to yield to the gentleman. It is a lot of money—\$7,000,000,000—but it is not the largest appropriation bill ever passed by the Congress, as some have said. During the World War we passed a \$12,000,000,000 appropriation bill, a \$7,500,000,000 appropriation bill, and a \$6,000,000,000 appropriation bill. It is a huge amount of money. How are we going to pay the bill. I do not know. We will pay it, however, and we will have to raise the money from the taxpayers of America; but I believe, my fellow Americans—and I address you as that—that the time has not yet come when we can evaluate and measure in billions of dollars American freedom and independence

and the keeping of our country out of war. [Applause.] Is this all that we are going to have to put up? I do not know. If you can tell me when the war will end, and how it will end, and what will be involved, I might be able to give a guess, but I do not know. I do know—that is, I am convinced in my own mind—that unless we take this action we will most surely find the day coming when our own country will have to meet the dictators, and perhaps meet them alone.

Seven billion dollars in this bill, and we will recall that in the Public Law No. 11 of the Seventy-seventh Congress, we authorized the President of the United States to transfer to any of these countries not exceeding in value \$1,300,000,000 of matériel which had already been procured out of previous appropriations for the American Army or Navy. I want to stop for just a moment to comment on that, because I find it is a matter about which we may easily become confused.

You will recall that in Public Law 11 there was inserted a provision that the President of the United States, if it were found that there were ordnance, guns, matériel, whatever might be needed, might have the right, after consulting with the Army and the Navy, out of articles that had already been appropriated for by the Congress for our own defense, to transfer such articles under such terms and conditions as might seem appropriate and upon such arrangements as to reimbursement from other countries as he might be able to obtain, in value not exceeding a total of \$1,300,000,000. The present \$7,000,000,000, combined with that provision in Public Law 11, would make it possible to have a top total of \$8,300,000,000, provided the President exercised the right, which he has under the law to transfer the full amount of \$1,300,000,000 and to use the full amount of \$7,000,000,000 in this bill.

We have written into this bill a provision, section 2, to the effect that the President may, when he transfers any of these articles under the \$1,300,000,000 limit to other governments from our own defense stores, reimburse those agencies from which those materials are transferred from this \$7,000,000,000 fund. Therefore, we have a bottom of \$5,700,000,000 that may be used under this bill if the President should transfer \$1,300,000,000 and reimburse all of it out of the money of this bill; or we have a top of \$8,300,000,000 if none of these funds is used to reimburse.

Now, why put up all the money at once? Why would it not be satisfactory to do as we have often done, give a part of the money now and contractual authority for the rest of it? I can cite several reasons which I think are convincing on that point. In the first place, to put \$7,000,000,000 down on the barrel-head in cold cash will carry a message to certain people that they will understand very much better and very much more effectively than they will understand the speeches that you and I make about the subject. In the second place, to put up all the money in cash gives a certain flexibility to the program that could not be had if you give a part of it in cash and part of it in contractual authorizations.

This is a changing procedure. Today Great Britain may need airplanes. Tomorrow she may need tanks. The day after that it may be something else. Speed and flexibility are the keynotes of effective aid to Britain and the other countries. Therefore, we make all of the money available in cash.

In the third place, to give a part of it in contractual authorizations makes an involved situation when it comes to our bookkeeping.

The CHAIRMAN. The gentleman from Virginia has consumed 20 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 10 additional minutes.

If part of this money were in contractual authorizations, accounts would have to be kept with each item and the departments tell us it is much easier to handle it the way we have put it up.

Last but not least, to put down part in cash and part in contractual authorizations and indicate in that way the long and short range commitments would be to draw a blueprint as to what we have and what we have yet to provide and hand it over to the aggressor nations. So the money is all put down in cash. It is not a blank check to the President of the United States, because these purchases are all to be made through the regular channels of the procuring agencies. If the money is needed for airplanes, the President may allocate so much money to the Army or the Navy for airplanes, and those planes will be acquired through the regular channels of our going agencies and charged to the appropriation in this bill.

We have secured from the Bureau of the Budget the definite promise that a central set of records of the program will be kept there which will be available for Congress any time the accredited committees of Congress wish to have it—a complete, overall statement of this entire transaction, where we can tell where every dollar is; where every contract has been let; where every item of this equipment has gone.

Mr. Knudsen told us in the hearings, found at page 45, that since we began this defense program of our own we have let contracts for material in a total of \$12,600,000,000; that we have provided for 302 plants—Government plants—on which we have spent \$1,574,000,000; that the British have financed on their own account 61 plants in America, and have expended \$171,000,000 on those plants.

We have financed or assisted in financing privately owned plants engaged in defense efforts to the number of 421 and to the amount of \$393,000,000.

Let me emphasize this point: 95 percent of the defense articles purchased under the terms of this bill are to be such matériel and implements as may be used by the United States if the time should come when we should need to use those articles. I would like to emphasize that. It seems to me to be an important point. These vast stores of implements of defense which we are making ready will be such that they may easily and readily be turned to the use of America if the day should come when we would need to use them for our own defense.

Mr. MASON. Mr. Chairman, will the gentleman yield at that point?

Mr. WOODRUM of Virginia. I should like to proceed a little further; then I will yield.

Mr. MASON. Will not the gentleman yield at that particular point?

Mr. WOODRUM of Virginia. I will yield in a few moments; then I shall be delighted to yield to my friend from Illinois.

Let us remember that, Mr. Chairman, 95 percent will be suited to our own use. And this further point, that title to these articles which will be manufactured under this program will be retained in the American Government until they have been manufactured and processed and are ready to be delivered to the governments for which they are prepared. What does this mean? This means, if the plants are built, if we have to enlarge facilities to turn out planes, tanks, shot, shell, or gunpowder, or what not, we retain title to all of that until it is ready to be delivered; and if the time should come when we need those articles for our own defense we can use them.

What about British credit? Someone has asked: Why should we finance this war for Great Britain? We are told that up to January 1 Great Britain has placed in orders in America about \$2,700,000,000. Up to March 12 of this year they have paid on account of those orders \$1,682,000,000. They are current on all payments. They have assets with which they can discharge all of the contracts they have made with American industry. In many instances they have paid part cash in advance. In many other instances they have furnished the money to build the plants. None of the \$7,000,000,000 appropriated in this bill will be used to discharge obligations which Great Britain has heretofore made in this country.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield at that point?

Mr. WOODRUM of Virginia. I should prefer to go just a little further, then I will yield to the gentleman.

As of January 1 last, Great Britain had in the United States \$616,000,000 of marketable securities; \$900,000,000 in direct investments; \$292,000,000 in gold; \$54,000,000 in official dollar balances, and \$305,000,000 in private dollar balances; or an over-all total of \$2,167,000,000. We have been given the assurance that these assets are being liquidated as fast as they can reasonably be turned into cash and the funds applied upon the payment of the contractual obligations Great Britain has made in this country for supplies and for material.

Under the bill as it is presented it is the duty of the President to make the agreements with the governments to whom we are to furnish these materials. We have been given the assurance, as the gentleman from New York [Mr. TABER] will recall, that the best terms would be secured that possibly could be arranged in order to protect the economic and financial interests of the United States in these agreements transferring this material. I call the gentleman's attention to this because he asked a very pertinent question in the hearings of Mr. Smith, Director of the Budget, on that very point.

Mr. TABER. Mr. Chairman, will the gentleman yield? I think those questions and Mr. Smith's answers should be read.

Mr. WOODRUM of Virginia. I am very happy to yield to the gentleman for that purpose.

Mr. TABER. The following colloquy took place between Mr. Smith and myself, as appears from page 73 of the hearings:

Mr. TABER. Let me ask you this, and I would like you to be in a position to answer it for the record, if you can: There are a lot of these British-held securities. To a certain extent they have been liquidated, and they have been a menace to our own security market. It is impossible to dump them. In addition, there are a lot that are not readily marketable securities held by them. Now, will it be the disposition of the administration to take those securities that cannot be marketed without upsetting our own financial structure and without sacrificing those securities too seriously, as security for such defense materials as are sent to Great Britain, and that are procured as a result of the lease-lend bill? If you are not in a position to answer that now, make a note of it, and answer it in the record.

Mr. SMITH. I am in a position right now to answer in the affirmative with full assurance. It is my understanding, however, that the proceeds of liquidation of British-held securities and investments in the United States will be needed to complete payment on existing British orders.

Mr. TABER. Now, the result of the answer you have given me, Mr. Smith, is this, is it not, that if this Government pays out money for airplanes, tanks, repairing ships, building ships, or anything else, that may be turned over to the British, insofar as their assets will permit, upon delivery our Government will receive their securities which are not marketable and cannot be turned into cash, insofar as they are available as security for the payment of these things.

Mr. SMITH. Yes. Insofar as they are not needed for payment on existing British orders.

I should like to say to the gentleman from Virginia that I asked Mr. Smith at that time off the record in front of the subcommittee to present that situation to the President and confirm the fact that he was so authorized to speak. I was advised by him after he had done that, that that authority had been confirmed; and I understand the gentleman from Virginia was also advised to that effect and that we were free to use it on the floor of the House.

[Here the gavel fell.]

Mr. O'NEAL. Mr. Chairman, I yield 10 additional minutes to the gentleman from Virginia.

Mr. WOODRUM of Virginia. I am glad to confirm what the gentleman says about that, and I feel perfectly confident that arrangement will be carried out.

Now, Mr. Chairman, I am ready to yield.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. BENDER. Are we not in this war all but for the shooting?

Mr. WOODRUM of Virginia. I think not. I am sorry to hear the gentleman make such a statement. I feel that we are not in this war all except for the shooting. There is a lot of shooting going on, but I believe the action we are taking here will prevent a gun being fired on American soil. [Applause.]

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. WOLCOTT. There may be some significance to British assets in the United States, but I believe the gentleman

weakens his case when he relies upon British assets in the United States to develop British credit. The remark is constantly made, and it is justified, that the credit of Great Britain should not be predicated upon British holdings in the United States, any more than the gentleman's credit at a bank should be predicated upon a little bank account which he might have here in the city of Washington. It would be more interesting, and I think more helpful, and we would make out a much better case, if we knew for the record with the same degree of definiteness how much or how many British assets there are available for transfer or that could be converted into cash or into international exchange for the purpose of financing this program. We have become the arsenal for democracies. How much in the aggregate is the credit of these democracies that we are going to help, and how much have they available for the payment of these services? I think the people of the United States should have that definitely before them before we get too far out on this economic limb.

Mr. WOODRUM of Virginia. I do not know how much their total resources are, but the United Kingdom and the Dominions are spending currently at the rate of a billion and three-quarters per month on their war effort. We are told that Canada is spending \$1,400,000,000 in her fiscal year 1941-42 on her direct war effort, which is 25 percent of her expected national income. As far as I am concerned, I think America has an interest in that and an interest for which the people of America are willing to pay something.

Mr. O'NEAL. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Kentucky.

Mr. O'NEAL. I think it might be mentioned also, although it is probably clear to every one here, that this represents on the part of Great Britain the taking of every security and everything of value held by a British citizen in this country. It is not only the value of the British Government itself and what it holds, but every British national who has anything here. The value of that security goes to his Government to pay for those things that are being acquired in this country. It is a total sacrifice in this country of the things held by those British nationals.

Mr. WHITE. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Idaho.

Mr. WHITE. The records of the Bureau of Mines disclose that the British Empire produced \$850,000,000 in gold last year from its mines, \$150,000,000 short of a billion dollars. It is expected they will produce more next year. What part of those resources will come to us?

Mr. WOODRUM of Virginia. We have \$292,000,000 worth of British gold in America today. We have bought a lot of British gold since 1933, but none recently. I do not know of any gold that is coming to America from Great Britain any time soon.

Mr. WHITE. As a matter of fact, the British Government has transferred its

trade in agricultural commodities, particularly tobacco, from this country to other countries in order that it might build up its standing with those other countries. Is that a fact?

Mr. WOODRUM of Virginia. We have money in this bill for tobacco.

Mr. WHITE. Does not the gentleman know that it has transferred its tobacco purchases from this country to Turkey?

Mr. WOODRUM of Virginia. I am not as much concerned about where they transferred their tobacco purchases as I am in trying to get some weapons of defense over there for them to use.

Mr. WHITE. Are we going to finance them to the extent of \$7,000,000,000 while their money is going to flow into other countries when they could buy commodities in this country?

Mr. WOODRUM of Virginia. I think our economic interests are going to be protected.

Mr. DINGELL. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. DINGELL. The gentleman, of course, has received a letter which I transmitted recently with regard to the extension of the beneficial provisions of this act to other nations fighting the same good fight that Britain is fighting. I mean specifically that the Low Countries, Poland, Czechoslovakia, and France may once again be on the march, Turkey may join with Greece on side of Great Britain and the fighting Yugoslavs may be there also. I assume it would be wise to make provisions in this bill so that these countries may be eligible, because they obviously cannot fight without arms. The same thing may even apply to Ireland. If Ireland were well armed she might be in an entirely different position. I assume from what the President said over the radio the other night that other nations are to be included in the beneficial provisions of this bill.

Mr. WOODRUM of Virginia. Any nation whose defense the President finds is vital to the defense of the United States is eligible for aid under this bill.

Mr. DINGELL. All of these subjugated countries, if they are on the march again, may be helped in obtaining arms and so forth?

Mr. WOODRUM of Virginia. That is true.

Mr. MASON. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. MASON. If this lend-lease aid comes too late and Great Britain should fall within the next 3 to 6 months, then under the terms of this bill, would it not follow automatically that the great bulk of the war materials provided under this bill would go to our own defenses, directly to the Army and Navy?

Mr. WOODRUM of Virginia. Exactly.

Mr. MASON. And if that is true, and I want to make this point clear, if I should vote against this bill I might then be voting against our own defense in case of England falling?

Mr. WOODRUM of Virginia. Exactly. I appreciate the gentleman's observation, and while I think that the situation will not develop as he states, and none of us

believes that will happen, but if it should come, if we could look into the future and see 3 months, 6 months, or a year from now and see Great Britain fall, then we could do no more to protect the American interests and to make America more secure than to support the passage of the bill that is before the House today.

Mr. KNUTSON. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Minnesota.

Mr. KNUTSON. I was called out of the Chamber for a few moments while the gentleman was speaking. He has made a very fine presentation.

Mr. WOODRUM of Virginia. I thank the gentleman.

Mr. KNUTSON. Has the gentleman informed the House as to the amount of appropriations that the Congress has made in connection with the present defense program?

Mr. WOODRUM of Virginia. Somewhere between twenty-five and thirty billion dollars.

Mr. KNUTSON. We have already appropriated that amount?

Mr. WOODRUM of Virginia. I would have to give it to the gentleman roughly and conditionally at between twenty-five and thirty billion dollars. That would include the bills that have become law since last June, at the previous session, and this session, this bill before us, the bills that have passed the House at this session, and some estimates that are still in the committee for the fiscal year 1941. It is not the whole picture for the fiscal years 1941 and 1942. A little later on I will endeavor to give the full picture, but the situation is rapidly changing now.

Mr. KNUTSON. The gentleman says between \$25,000,000,000 and \$30,000,000,000.

Mr. WOODRUM of Virginia. Yes.

Mr. KNUTSON. A spread of \$5,000,000,000 is a considerable item.

Mr. WOODRUM of Virginia. It is spread because the picture is not complete and there is some duplication in the figures due to the method of appropriating part cash and part contractual authorizations and then coming right back and appropriating some cash to discharge part of the previous contract authorizations. It is also a little hard to tell just what has been for defense and what has been for the regular, orderly expansion of our armed forces on which we were engaged before we started this step-up in our defense program.

Mr. KNUTSON. Is the Appropriations Committee reasonably satisfied that it is possible to spend this additional \$7,000,000,000 in the time specified?

Mr. WOODRUM of Virginia. It is.

Mr. KNUTSON. Not with our present facilities, certainly.

Mr. WOODRUM of Virginia. We are going to build additional facilities.

Mr. KNUTSON. Did the committee look into the profits that England has made through our purchases of gold from her?

Mr. WOODRUM of Virginia. It did not.

Mr. KNUTSON. I understand it is several times the amount she has spent in this country.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Pennsylvania.

Mr. RICH. Following up the statement made by the gentleman from Illinois, that we are building for our own defense, suppose we go into this program as the gentleman has outlined and start some boats over to Europe with a lot of ammunition. Suppose the Germans sink those boats, which they say they will, and which I would do if I were a German, and we get into war, and Great Britain falls; are we supposed to take up this fight, then, and send our Army and our Navy to Europe to fight this war, and over to Japan, if necessary, and then are we not in a pretty boat?

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 10 additional minutes.

The gentleman has a whole lot of ifs there. In the first place, we do not send any American boats over there with these goods in them.

Mr. RICH. How does the gentleman know we are not? Who said we will not? The President has that power, and how does the gentleman know what he is going to do?

Mr. WOODRUM of Virginia. I said that we are not doing it now. It is not permissible to do it.

Mr. RICH. Certainly not. We are just starting this program. After this bill gets through the Senate and this money is appropriated, then we go in full force, and that is when it will happen.

Mr. WOODRUM of Virginia. I am afraid the gentleman has been to a fortune teller looking into the future.

Mr. RICH. I have not been to a fortune teller. I am going to try to do my best to keep this country out of war.

Mr. WOODRUM of Virginia. The gentleman is terribly misguided when he votes against a bill like this under the misapprehension that by doing so he is keeping America out of the war.

Mr. RICH. I hope the gentleman is right; but I believe I am right, and I am going to follow my own convictions, I promise the gentleman that.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from New York.

Mr. FITZPATRICK. The gentleman from Idaho said something about some of this money going out of this country. Is it not a fact that the \$7,000,000,000 is to be spent in the United States?

Mr. WOODRUM of Virginia. The \$7,000,000,000 is to be spent in the United States.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from California.

Mr. HINSHAW. I believe the House is willing and ready to accept the statement of the Secretary of the Treasury, backed up by the statement of the gentleman, concerning the financial responsibility of Great Britain in its transactions, although there may be some question concerning the shipment of gold

from Canada, about \$3,500,000,000 last year.

May I ask the gentleman a question concerning what is commonly referred to as refugee money in the United States? It has been recently brought to my attention that out of 22 major real estate deals made in my town, three-fourths were purchases made with refugee money from countries other than Great Britain. There must be a great deal of that money coming over here. I have tried to find out how it has come here. I have found one source; that is, insuring bonds in Europe under Lloyd's and then burning the bonds before witnesses, thereby having proof of the burning of them, and then having the funds replaced in the United States. I wonder if the gentleman has any idea how much of this refugee money from countries which we hope will be restored has been brought to the United States in any such manner as that.

Mr. WOODRUM of Virginia. No; I do not.

Mr. HINSHAW. Does the gentleman believe we are entitled to any offset for the expenditures of the American people from such refugee money?

Mr. WOODRUM of Virginia. It sounds reasonable to me. I am willing to go along with the gentleman on that if he can straighten it out.

Mr. HINSHAW. Does the gentleman have any idea how we may be able to attach that money?

Mr. WOODRUM of Virginia. We will take that up in the next bill, I may say to the gentleman.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Montana.

Mr. O'CONNOR. Will any part of this \$7,000,000,000 be loaned or given to England or any of its dominions?

Mr. WOODRUM of Virginia. Does the gentleman mean money as such?

Mr. O'CONNOR. Money as such.

Mr. WOODRUM of Virginia. None of it.

Mr. O'CONNOR. That is not contemplated?

Mr. WOODRUM of Virginia. No.

Mr. O'CONNOR. As I understand, some part of this \$7,000,000,000 is to be used for the purchase of certain articles and foods, such as tobacco, cotton, canned pork, and other foodstuff. That amount will be in the neighborhood of \$500,000,000. The balance of the \$7,000,000,000 will be used for the construction of material that will be sent to the democracies whose defense the President feels is our defense.

Mr. WOODRUM of Virginia. There is no amount specified for agricultural commodities. The gentleman uses the word "sent." I imagine the gentleman does not mean that literally. We are not sending any material over there.

Mr. O'CONNOR. I listened to the President the other night over the radio and I thought I noticed that he used the word "send." Whether it was significant or not, I do not know.

Mr. WOODRUM of Virginia. I think not.

Mr. O'CONNOR. I know the gentleman's reputation for looking after the interest of the taxpayer and how he stands on economizing. The gentleman does not approve any appropriations beyond what he believes to be absolutely necessary. Does the gentleman believe that all the balance of this \$7,000,000,000 can be used in the construction of needed material that may at some future time be used for our own defense?

Mr. WOODRUM of Virginia. I do, indeed.

Mr. O'CONNOR. Within the next fiscal year?

Mr. WOODRUM of Virginia. I very emphatically believe that, I will say to the gentleman.

Mr. MAGNUSON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Washington.

Mr. MAGNUSON. There is one point not clear in my mind. When this amount is transferred, say, to England, of one billion or two billion, or whatever the amount may be, then is that credited to the United States by the British Government?

Mr. WOODRUM of Virginia. We do not transfer any money to the British Government.

Mr. MAGNUSON. I mean the amount of materials.

Mr. WOODRUM of Virginia. We buy, say, 100 airplanes, or we contract for them, and when those planes are ready for delivery the President makes an agreement with the country to whom those planes are to be delivered, on the best terms he can make, leasing them, lending them, selling them, or giving them, if necessary.

Mr. MAGNUSON. But if the President sells them, then who is responsible for the payment, if any payment is ever to be made back to this country?

Mr. WOODRUM of Virginia. They turn over to us cash or securities or whatever they have to give us in trade for them.

Mr. MAGNUSON. And that would be true as to China or Greece or any other country?

Mr. WOODRUM of Virginia. Yes.

Mr. MAGNUSON. Was any question brought up in the committee regarding payment later on, after this is over, in the way of barter with those countries whose products we can use?

Mr. WOODRUM of Virginia. That is a matter that is entirely within the discretion of the President, to make the best deal he can under all the circumstances that exist at the time he makes the agreement with the country, and we have been assured that the interests of America would be protected as far as possible.

Mr. MAGNUSON. In other words, we are leaving the discretionary power with him?

Mr. WOODRUM of Virginia. That is the law and that has to be done, because the agreement may be made a year from now and the situation may be entirely different.

Mr. MAGNUSON. And under the Export-Import Bank that can be adequately taken care of?

Mr. WOODRUM of Virginia. I do not know what that bank may have to do with it.

Mr. MAGNUSON. If I may ask one further question: In arriving at the amount of British-owned securities in this country have the securities owned by Canada been taken into consideration?

Mr. WOODRUM of Virginia. I think not.

Mr. MAGNUSON. Or owned by Canadian citizens?

Mr. WOODRUM of Virginia. Canada is a big customer of America on her own account, and they have securities here that may need to be marketed in an orderly way so as not to upset the market too much. Canada, of course, is a government in its own right.

Mr. MAGNUSON. Did Britain give any assurance that its colonies, such as Canada, would be bound by any transfer of any amounts that were used?

Mr. WOODRUM of Virginia. No agreements have been made yet, I will say to the gentleman, and that is a matter that has to be considered at the time the agreement is made.

Mr. MAGNUSON. May I ask a further question, and this is a matter close to me. For many years we have been trying to get some concessions, for instance, from Canada, of things we think we need, such as building a highway to Alaska and the St. Lawrence seaway. We are giving Canada and the British Empire everything. Was anything mentioned in the committee that they might relax a little bit and that they might give us some concession with respect to the St. Lawrence seaway, or with respect to a highway to our possessions in Alaska?

Mr. WOODRUM of Virginia. That is entirely with the President.

Mr. WASIELEWSKI. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Wisconsin.

Mr. WASIELEWSKI. One of the principal purposes of the so-called lend-lease bill was to centralize the purchasing of defense materials. I note from the context of the bill that \$10,000,000 is set up for administration. Could the gentleman tell us whether it is the purpose to set up another agency to handle these lease-lend expenditures, or are the existing agencies going to handle that?

Mr. WOODRUM of Virginia. The existing agencies will largely be able to handle it. It may be necessary to set up a small unit in the Budget office to take care of these accounts, but the \$10,000,000 is used for the purpose, for instance, if the Navy Department, in buying planes, or the War Department, in buying tanks, have to have clerks, inspectors, and so forth, administrative expense in connection with this bill, it will be paid for out of this fund and we will not find those administrative expenses filtering back into our regular appropriation bills.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from California?

Mr. VOORHIS of California. I would just like to ask the gentleman whether he is convinced, or his committee is convinced, that this tremendous sum of

money—and I agree with what the gentleman said about it in general—can be effectively expended for these purposes; in other words, has a showing been made to the committee as to what this money is to be spent for and is the committee convinced that it can be spent effectively?

Mr. WOODRUM of Virginia. I appreciate the gentleman asking that question, because I had overlooked stating to the Committee that we had presented to our committee an estimate made by the Budget and the War Department and the Navy Department of these requirements in detail. They had been passed on by the departments and we had them presented in the same detailed fashion that the War Department and the Navy Department come to us for their regular appropriations. Those details and that information are now safely lodged in the archives of the committee for such use as Congress may wish to put them to in the future.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. TABER. Mr. Knudsen told us, as I remember, that this country has a projected capacity of four times what we are laying out for it right now.

Mr. WOODRUM of Virginia. Yes.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. THOMAS F. FORD. To make this suggestion. The word "barter" has been brought into this discussion, as to how Britain possibly might repay us. At the present time China has been the recipient of some loans, a straight loan, and she is paying that loan back in tin. Not long ago we made a deal with Britain in which we sent her 600,000 bales of cotton, for which she paid in rubber. There is no question in my mind that the British Empire has ample resources in materials that we need of a raw character, to take up this debt.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. MICHENER. The committee has reported a bill for \$7,000,000,000 credit?

Mr. WOODRUM of Virginia. In the first place, Great Britain has not asked for any credit in that sense.

Mr. MICHENER. I mean credit in kind.

Mr. WOODRUM of Virginia. A most comprehensive statement, a detailed itemized statement, of what Great Britain needed and might need, and so forth, in the way of matériel at the moment, plant expansion for the future was given to the United States Government, and was taken by this Government and studied through our own establishments, through the Office of Production Management, as to plant expansion and everything, through the Army as to Army needs, and the Navy as to Navy needs, and the Maritime Commission as to boats, and so forth, and out of that, and after collaboration and understanding with the representatives of Great Britain, the estimate of \$7,000,000,000 came to the committee, and the committee allowed the full amount of \$7,000,000,000.

Mr. MICHENER. In other words, all the committee has done has been to im-

plement what Congress by a large majority voted under the lend-lease-gift bill.

Mr. WOODRUM of Virginia. That is correct.

Mr. MICHENER. Therefore, we are not now determining a policy, but simply implementing a policy already determined upon.

Mr. WOODRUM of Virginia. That is a correct statement.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. MURDOCK. I have heard something said about the fact that Britain uses different types of matériel from that which we use. How does that fit into the program the gentleman has now announced, that what we are now making can be used either for our own use or for England's defense?

Mr. WOODRUM of Virginia. Ninety-five percent of everything that we procure under this bill can be used for American defense, and the other 5 percent could be transformed to our use within 60 days.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. PACE. The gentleman has stated that there is money for tobacco in the bill. Can the gentleman state whether there are other agricultural items?

Mr. WOODRUM of Virginia. Yes; cotton and foodstuffs, but I think it is not advisable to state the amounts publicly.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. COLE of Maryland. Within the past few days, I think since the testimony before the committee was concluded, it came to the attention of all of us that private holdings of British individuals in this country were liquidated and taken over by private capital in this country, all of which amounted to \$900,000,000, to be turned over to the British for contracts in this country. Is that in addition to the statement set forth in the gentleman's report as to what the British Nation has done?

Mr. WOODRUM of Virginia. The figures I gave were as of January 1 as to assets. I would assume the amount involved in the transaction the gentleman refers to is included in the figures in the report.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. MARCANTONIO. This appropriation is in pursuance of the arsenal policy. In other words, this country becomes an arsenal for one side against the other side. In the light of the huge appropriations that have been made, would not the gentleman say that from the standpoint of armament and from the standpoint of economics, we are actually in war?

Mr. WOODRUM of Virginia. I would not say that; no. I think there is a vast difference between actually being in war and what we are doing. We are turning our American industry 100 percent to furnish needed weapons of defense to the democracies that are fighting to preserve

their freedom and, incidentally, defend us.

Mr. MARCANTONIO. Does the gentleman know of any country that has ever placed itself on a war basis as we have in the history of the world that has kept out of war?

Mr. WOODRUM of Virginia. I do not know about that, but I think America is doing the things it should do in this situation.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. MUNDT. I know the gentleman is concerned, and the Congress and the country are concerned, in translating this \$7,000,000,000 into as much defense matériel as possible. In that connection, I wondered if the gentleman is satisfied that we now have on our statute books sufficient protection to be sure that we will not be reaping a dividend of a new crop of war millionaires, or whether new legislation is necessary to protect us in that connection against profiteering.

Mr. WOODRUM of Virginia. I think we have. I think, if we do not, we can quickly supply it. I have seen no evidence so far that there is lack of legislation on that point. There may be some lack of enforcement.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. GREEN. It has developed in the debate that our expenditure for national defense may be up to the present, including this amount, twenty-seven or twenty-eight billion dollars. Has the gentleman any information as to the approximate amount of expenditure for national defense, preparedness, and so forth, by the British Empire over recent years?

Mr. WOODRUM of Virginia. I do not know the total amount, but they are spending currently about a billion and three-quarters per month now.

Mr. GREEN. Does the gentleman know anything about the relative wealth of the British Empire as compared with the United States?

Mr. WOODRUM of Virginia. No; I do not.

Mr. COFFEE of Nebraska. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. COFFEE of Nebraska. This is the first bill that has been brought to the House in carrying out the policies of the lease-lend bill. It involves \$7,000,000,000. This amount added to what has already been appropriated for national-defense purposes, will total as much as the value of all the farm lands and buildings in the United States combined. I am just wondering if the committee has given any thought to the total amount that we may be able to afford in carrying out the policy of the lease-lend bill.

Mr. WOODRUM of Virginia. We will have to afford whatever it requires to do the job. We have said we are going to do the job, and we are going to do it if American resources will hold out long enough to do it. [Applause.]

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. VAN ZANDT. I notice you have provided \$200,000,000 for testing, inspecting, improving, repairing, outfitting, and

reconditioning defense articles, which, of course, means ships. I am wondering how that could be accomplished, in view of the fact that our navy yards are all working to capacity and our shipyards, likewise.

Mr. WOODRUM of Virginia. We are building new ways every day to take these new programs, and if it should become necessary in an emergency to repair a ship that needed repairing, we could take care of it.

Mr. VAN ZANDT. In other words, our own ships would have to wait, of course?

Mr. WOODRUM of Virginia. If it was an emergency, we would have to decide the priorities.

Mr. KRAMER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. KRAMER. I have not had an opportunity to read the defense-appropriation bill, but I would like to know if there is any provision in the bill, or could any funds be utilized out of this, to take care of the flood conditions which are most unusual in California, especially in the southern part of the State, where the floodwaters have really inundated the steel plants and airplane plants to such an extent that the men who are employed in those plants have been prohibited from working. Because the roads and the plants are under water, the workers are unable to keep national-defense industries in continuous operation. Can that situation be alleviated in any way by using some of these funds to help out our drainage system?

Mr. WOODRUM of Virginia. I appreciate the importance of what the gentleman says.

The CHAIRMAN. The gentleman from Virginia has consumed 1 hour.

Mr. KRAMER. We cannot let those plants continue uninterruptedly in operation, then the national defense will be considerably hindered. In this connection, to show my deep interest in flood control, I just came from the White House, where I have laid before the President the entire flood problem, together with photographs of the inundated area, showing the steel mills and airplane plants which are menaced by recent floods. Expressing his interest, the President recommended that the War Department be given full particulars of this flood menace to defense at the earliest possible moment.

Mr. Chairman, the dramatic and unprecedented page of our national-defense program has obscured such common peacetime everyday subjects as the weather. Yet national defense and the weather are linked together in such ways that the caprices of weather can and do exert a tremendous effect upon the efficiency of our gigantic defense undertaking.

This may appear to be an unusual manner in which to introduce a subject of such vital and far-reaching importance as the one I wish to speak upon today. However, I believe that it is the most logical way to preface the remarks which I feel an urgent duty to express to this body.

Being fully cognizant of the multiplying demands being made upon this Congress for funds for the national defense,

I am today adding a substantial new request to the long array of listed needs. I think it is only natural, in these times of extreme emphasis upon the material end products of defense—the tangible tools of rearmament, the planes, guns, tanks, and ships which we must have—that we are prone to overlook many of the, shall I say, more earthly and fundamental needs which make possible these vital manufactures.

It is difficult, in other words, to embellish an appropriation for a drainage sewer with the same dramatic urgency which attaches itself to a proposal for 50,000 military airplanes. Nonetheless, the interrelationship between such a drainage project and such a flotilla of aircraft is unmistakable and direct.

Therefore, realizing though I do the understandable preoccupation of our Congress with the implements of defense, I must ask leave to call its attention to a matter which might well be termed an integral part of the backbone of defense.

I should feel neglectful, even remiss, in my duties to the proud population of Los Angeles and the outlying adjacent communities which I have the honor to represent—indeed to the citizens of this entire Nation and even to those fighting citizens of the British Commonwealth which we have pledged ourselves materially to aid—if I failed to bring this perplexing problem today before the House of Representatives.

In southern California there is concentrated more than 35 percent of the total airplane production capacity of the United States. Twenty-five of the Nation's 89 airplane factories are located in this richly industrialized area. The largest portion of this great production power is centralized in the Thirteenth District, which I represent.

These are plain, round, and I believe, significant figures. They tell a story of what conservatively can be termed international import. These glistening thousands of airplanes—the giant bombers, the lightning-fleet pursuit, and sleek interceptor craft—which daily are rolled into the sunshine from inside these vast plants whose sheds are truly the "arsenal of democracy"—these air fleets of the world, once they are unleashed, fly away to the four corners of the troubled earth.

They participate, with daring, decisive credit, in the historic battle of Britain, in the stunning victory of Libya, and in forestalling the slow, insidious but persistent spread of the "new order"—better called the new disorder—which imperialistic Japan is wantonly attempting to impose upon the far eastern sphere of the Pacific basin which our own western shores help to form.

Indeed it is almost unnecessary to point out in this Chamber what a vital air roadway these cataclysmic events of the past 2 years, in the wars of Europe and Asia, have forged between the peaceful, happy, enterprising American metropolis of Los Angeles, living and working under the sunrises of peace, and the far-flung outposts of bitter battle, where men are hourly sacrificing their lives in the cause of world democracy versus world tyranny.

Metropolitan Los Angeles, seemingly so far removed from the taint and misery of

warfare, in which the rattle of gunfire would seem so foreign, has actually become a strategic rear-line arsenal in the horrible world convulsion shaking us all.

In distance of miles metropolitan Los Angeles is, thankfully, remote from the scenes of battle, and pray God it shall always be, but in its material importance it is a great, reinforcing bastion—not far behind the barking front lines of fighting.

Mr. Chairman, I call these facts to the attention of our Congress for one purpose only—because they are part and parcel of the staggering problem I wish to present, in the solution of which I stress my belief that our Federal Government must play the leading part.

Thirty-two days ago I had the privilege to introduce a bill, entitled "H. R. 3334," calling for an estimated Federal appropriation of \$5,833,200 for urgently necessary flood-control projects in the Los Angeles County drainage area.

Since that date I have been informed by telephone, telegraph, and a stream of correspondence, that the people in the territory of my district have been subjected to a severe and almost continuous rainfall of unparalleled proportion which has caused flood conditions with extremely damaging effect upon property and hardships of considerable magnitude upon our working citizenry.

So damaging have been the effects and so alarming the potential dangers of this persistent, heavy rainfall that today I see no other alternative than to amend my prior action with the announcement that, within the next few days, I shall introduce a substitute bill, calling for an additional fund of \$11,129,630 to enlarge the contemplated flood-control projects encompassed in my earlier measure.

I shall subsequently, in the course of these remarks, furnish a somewhat detailed exposition of what these additional funds, in my view, would help to provide in the form of new safeguards against floods.

But before doing so I wish further to state that I shall introduce, at the same time, another bill, calling for \$8,000,000 for the prompt construction of a super-highway of approximately 30 miles, which would bisect the city of Los Angeles from the port of San Pedro northward to the rich San Fernando Valley, and provide other highways in Los Angeles.

This super-arterial highway would be of unique value in national defense, Mr. Chairman. It would not only provide the most rapid automotive transit for the 1,700,000 residents of the Nation's fifth largest city and its environs, in traveling from the seacoast to the very foothills of the Santa Monica Mountains. It would also become the central line in a proposed network of new highways in and around Los Angeles which would furnish sorely needed avenues of approach to the area's airfields, aircraft factories, steel mills, military camps, and cantonments.

It is my view that these two appropriations are closely related in character. I should prefer, in fact, to introduce them in the form of one bill. The structure of our Congress however would preclude such presentation since the two subjects must of necessity be considered separately by diversified committees. I

shall, therefore, introduce them separately, but simultaneously, as companion measures in defense.

Of the two general needs, obviously the more urgent is the one for flood control. I should like to emphasize that in the overflow area of the Los Angeles River and its tributaries there is situated over one billion dollars' worth of property, subject to severe floods often two or three times annually.

With a booming national-defense program throughout Los Angeles County, and with such arsenals as the Lockheed, Douglas, North American, Consolidated, and Vultee aircraft factories and steel mills working at full speed, these flood conditions have naturally curtailed seriously the production of these plants.

Solution of the numerous local drainage problems is as important in this regard as the construction of large dams and miles of channel improvement on the main streams of the Los Angeles River and its hundreds of laterals. Incidentally at least three of these plane plants and steel mills might have been totally destroyed had we not exercised the foresight earlier of improving the Los Angeles River channel at the cost of several million dollars and strengthening it in their vicinity.

Think of this for a moment. Three floods in the past 12 months have caused a loss of 70,000-man hours of labor in the Lockheed Aircraft Co. plant alone. Inundation of highways leading to and from this establishment prevented the men actually from getting to their work, to their benches, lathes, and steel-mill furnaces. Could there be any more direct connection imaginable between flood control and defense production?

Gentlemen, as one who knows intimately nearly every square foot of these regions involved, I can tell you that the flood problems in Los Angeles area are extremely complex, and that their only practicable solution requires the expenditure of large sums.

But it is my view that the importance which defense has assumed is full justification for the protection of such an area as these cities which play so vital a role in the welfare of our whole country, in construction of airplanes and numerous other strategic defense materials.

Here are some interesting supplementary facts on the problem: Less than 3 weeks ago, the National Resources Committee held a meeting in the Los Angeles Federal building to consider the pressing need for vast new flood-control projects.

Col. Warren T. Hannum, Army corps division engineer, a man of high capabilities and long experience, reported as follows:

As the problems of national defense become increasingly pressing, the long-felt need for control of destructive floods in the coastal basin of southern California is becoming, day by day, more intensified.

The value of property in the overflow area, subject to overflow from the main channels or tributaries of the Los Angeles and San Gabriel Rivers, is more than \$1,000,000,000.

To protect this area from storm waters and floods, the city and county of Los Angeles have already spent more than \$100,000,000. The greater part of \$135,000,000 has been or will be spent by the Federal Government under existing authorization for flood control.

But, significantly, Colonel Hannum warned that War Department engineers are in agreement in estimating that an additional \$186,000,000 will be required to really finish the job.

But let me give you this continued quotation from his concise testimony:

Where floods interfere with national defense, corrective measures should be taken. I want to point out that carrying on national-defense activities in the Los Angeles area is as important as solving the flood problem. Different agencies must work together. Because of its many airports, airplane factories, steel mills, machine shops, and related defense activities, Los Angeles County occupies a position of particular promise.

Another angle of the problem is that county lines no longer exist in the flood-control situation. Water from one county is directed to another and lower counties with imminent danger of washing out railroads and utilities necessary to national defense.

I quote now the executives of three of our biggest aircraft companies, who know so well the necessity of the request I make today, Mr. Chairman.

L. W. Wulfekuhler, assistant to secretary of Lockheed, said:

All our highway problems are flood problems. When our men don't get to work, it costs us money. We have had to send entire shifts home and notify shifts by radio that there was no work for them. We had to send women employees home and sandbag the plant. We have thus lost about \$100,000.

H. D. Houghton, assistant manager, Long Beach plant of Douglas Aircraft Corporation, said:

Some employees haven't been able to get to work because of flooding of neighboring areas.

Fred F. Brown, North American Aviation Corporation researchist, said:

Our company has been bothered by water gathering at Mines Field Airport and washing back from sewers into the plant. In many instances, employees have been unable to reach the plant.

I could add to these citations, gentlemen, with innumerable passages from letters I have received, especially in the past few weeks, from industrialists, city, State, and Federal officials. Running through all their communications to my office is the one theme of unanimous agreement that something must be done, and done quickly.

Of course, this is not a new problem. It is really an old one, made more important by national-defense factors. I have pleaded in many sections of the administration for a long time for flood-control improvements in Los Angeles.

But the disastrous floods of the past month, bringing destruction to homes, public utilities, industry, and bringing actual physical danger, not to mention untold hardship and inconvenience, to the people, have brought the problem to a head.

I cannot leave this phase of my discussion without quoting from a rather alarming letter which I have just received in the past 3 days. It is from officials of Bethlehem Steel Co., which operates a large plant in Vernon, Calif., near our own city. Los Angeles bears a responsibility in this case, since it owns a strip of land running through the middle

of this property on which are located power lines of the department of water and power.

The letter speaks of the "urgent need" for relief from flood conditions on the Bethlehem property, and continues:

Waters are accumulated into a lake which backs up north for more than 1,000 feet into the company's main plant. This season's rain has caused a condition so serious as to threaten a complete shut-down of plant operations. * * * The water has reached a depth of about 6 feet surrounding the scrap-iron piles and has covered the railroad-spur track in this area to such an extent that the railroad has refused to run cars over the track. Foundation footings of the overhead crane, which is used to move materials to the furnaces, are being weakened by the surrounding water. Failure of these foundations would put out of operation the overhead crane and cause the plant to shut down.

The water is also interfering with the company's shipping facilities and the use of its administrative offices. This same distressing situation occurred in 1938, and it would appear to be a continuous danger unless an adequate storm-drainage system is installed.

The plant is working at full capacity 24 hours a day on defense contracts and on other contracts to meet the industrial needs of this community. It asks your immediate help so that its functions will not be impaired by flood conditions over which it has no control.

I wish you could see the photographs enclosed with this letter, showing this veritable lake of water standing on the property of this Bethlehem plant.

Lastly, I have a letter from the vice president of Northrop Aircraft, Inc., in which he says:

Inasmuch as a large percentage of the total aircraft production in southern California comes from our general vicinity, the matter should deserve the immediate attention of the War Department.

Now, I come to my figures, and I should like to present them briefly but clearly to you.

Let me say just two things first, however. I fully realize that a reduction by more than 50 percent of the Army Chief of Engineers' estimates of funds to be expended this year on more than 600 flood-control and river-harbor projects has been made necessary.

The Chief Engineer's 1940 fiscal report to the Secretary of War, recently issued, reflected this fact. The report showed the Army engineers recommended spending a total of \$366,808,925 for such projects this year. But since the report's compilation, President Roosevelt has recommended, in his January Budget message, that only \$164,213,000 be appropriated for such work. This recommendation was in line with his resolve to cut all expenditures which are not of a pure defense character.

But I wish to say here that the items I shall ask for are of a clear defense character, and that my request is made in full sympathy with the President's well-founded decision to economize on non-defense spending. I say that of the amounts that will be expended by the War Department, Los Angeles should have its full share.

It is interesting to note that Army engineers, speaking of the \$186,000,000 additional funds, which I told you a few moments ago Colonel Hannum has de-

clared to be ultimately necessary, have gone so far as to break this total into its component parts.

They believe that of this amount \$146,000,000 should go for construction, \$5,000,000 for relocation of utilities, \$5,200,000 for railroad bridges, \$15,300,000 for rights-of-way, and \$14,600,000 for relocation of highways and highway bridges. It is clear that the Army has given much serious thought to the problems of which I speak today.

The second point I must mention before furnishing my detailed figures is that I am also cognizant of the fact that a large program, containing work of this same nature, is now on the desk of President Roosevelt awaiting his approval. Let me make it clear, Mr. Chairman, that my request today is designed in no way to interfere with or jeopardize that program. I wish merely to state the problems of my own district which I firmly believe to be among the most serious in all the land.

As I have called to your attention, I recently introduced a bill calling for an estimated \$5,833,200 for works in the Sawtelle-Westwood System of Los Angeles.

In my present bill I wish to retain the request for all of these projects and to add to them additional projects, including some tactical and accessory roads, aggregating in cost \$11,129,630, so that this bill calls for an estimated Federal cost of \$16,962,830. Mr. Chairman, I ask for unanimous consent to include for the record a break-down of this appropriation.

First. For Lankershim, Van Nuys, Reseda, Conoga Park, and all San Fernando Valley, to protect Lockheed, Vega, and Menasco aircraft factories, \$2,493,000.

Second. For Los Cerritos storm drains, Downey-Lakewood sanitary sewers, Lennox-Lawndale and Gardena district sanitary sewers, \$3,738,000.

Third. For Laguna-Dominguez flood-control project, from Los Angeles Municipal Airport to Doty Street, to protect North American, Northrup, and Douglas aircraft factories, and the refineries and tank farms of Shell, Sunset, Richfield, Union, Associated, and Texas Oil companies, \$1,942,000.

Fourth. For tactical and accessory roads to serve San Pedro, Long Beach Air Base, Los Angeles Municipal Airport, Fort MacArthur, Vultee Aircraft Factory, Hughes Airport, Antelope Valley Airport, and Moroc Bombing Field, \$1,880,000.

Fifth. For various sanitation districts, including Huntington Park trunk sewer, Compton Creek extension trunk sewer, New York Avenue trunk sewer, Lomita, Rosecrans Avenue, and South Hawthorne trunk sewers, extensions of South Inglewood-Orange Avenue, Imperial Avenue, and a joint disposal plant, \$1,075,000.

The total sum might be distributed as follows:

County engineer, \$3,738,000; flood-control district, \$4,435,700; road commissioner, \$1,880,930; and sanitation districts, \$1,075,000.

I have an even more detailed itemization of these needs available, should any Member of the House be interested in examining it.

The Los Angeles Board of Supervisors, in anticipation of a proposed Federal appropriation of \$150,000 to care for unusual increases in population in national-defense manufacturing areas, has approved this program as outlined.

I come now to my second main subject, the proposed super, free highway for Los Angeles. I say "for Los Angeles," but actually this highway would better be described as being "for all the United States." This is true for two reasons: Because it would provide a logical link in already projected Federal superhighway systems, and, second, because annually thousands of motoring tourists from all corners of the country come to Los Angeles to enjoy its unique wonders, and they would partake of the pleasures of such a project as fully as would the citizens of the metropolis.

This highway would be of the most modern design and construction, utilizing to the full extent the advantages and improvements of recently devised systems of underpasses and overpasses. It would be approximately 30 miles in length and would contain seven traffic lanes. It would extend from the Pacific Ocean, originating in the port of San Pedro, through the city of Los Angeles, roughly paralleling the course of the Los Angeles River, to the San Fernando Valley.

Following such a pattern, the highway would cross through every important section of this huge city from Anaheim, through Compton, Lynwood, Watts, Huntington Park, across Sunset and Los Feliz Boulevards, thence between Griffith Park, Glendale, North Hollywood, and Burbank, on northward to the rich, rolling acres of the San Fernando Valley itself.

On the basis of preliminary information at hand, cost of the highway is estimated at \$8,000,000.

I cannot overemphasize the value of such a project as a central stem for the development of numerous other subordinate highways, many of them recommended in the interest of national defense, which are being planned for many sections of the city and its environs.

Let me quote from a letter I have received from City Engineer Aldrich, which seems pertinent to this subject:

Aside from the defense angle, one of the most important problems of any urban area, and particularly true of Los Angeles, is the transportation problem. This area lacks a transportation system which will permit the covering of long distances at proper speeds. The express highways will provide the rapid-transit elements for both private automobile and mass transit via express busses, so much needed.

Gentlemen, Los Angeles traffic yearly generates ever increasing volumes of vehicle miles. The city's highways are among the most traveled in all of California where a system of 14,000 miles traverses virtually every type of terrain occurring on this continent—vast areas of arid desert, high mountain ranges, broad agricultural plains, stretches of sandy beach, and rugged seashore.

Indicative of the value which would be found in this proposed highway is the happiness with which motorists have greeted opening, a few months ago, of the second section of Arroyo Seco Parkway. This freeway will provide direct

connection between Pasadena and downtown Los Angeles.

The House, when it considers this separate bill, must bear in mind the fact that there are nearly 3,000,000 registered passenger and truck automobiles today using the highways of California. [Applause.]

The CHAIRMAN. The gentleman from New York [Mr. TABER] is recognized.

Mr. TABER. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, the die has been cast. The United States has embarked upon a program of rendering material aid to Great Britain and to other countries that are involved in the struggles that are going on throughout the world. We have not only embarked upon it from the standpoint of determining to do so by legislative act, but already millions of dollars' worth of things have been turned over to those countries. We are so far involved that it is impossible for us to turn back. Today we are asked to supply, insofar as our country is able to produce, those things that are needed for the defense of Great Britain and those other countries. For my own part, no one is going to be able to say that I have not been ready to vote the funds to give them what they need to win. [Applause.] For us to embark upon a program to provide a quarter or a half of the funds that they need to put down the Hitler insurrection against mankind would be ridiculous.

Let me say, as the gentleman from Virginia [Mr. WOODRUM] said, we have had presented to us, and so far as the item for airplanes, insofar as the item for tanks, insofar as the item for guns and ammunition, insofar as the item for motorized equipment are concerned, absolute details of the cost price of each item, which we are able to say from our own experience, corresponds with what has gone before for our own defense. These details on the articles that have been submitted to our Government by the Government of Great Britain have been welded together in this estimate and those details are in the possession of the Appropriations Committee for its records. How we can take any other position than to supply them is beyond me. We shall have provided enormous sums of money for our own defense, for the operations of our Government, and for this item when the bill is disposed of.

Insofar as the items for our own national defense go, to my mind it is the duty of everyone who thinks first of the United States of America to support those items [applause], and I have done so unstintedly. I shall continue to do so unstintedly with this appropriation and with the appropriation that is coming in a few days of \$4,150,000,000 to supplement and implement our own defenses, and by which we shall have provided all that has currently been estimated for immediate action. At that time the problem will be in the President's lap. There should be nothing but unity in a defense program. It seems to me that at this time it is not too much to say that we are expecting the President now to cooperate with the defense program. [Applause.] So far Mr. Roosevelt has failed:

First. To put an end to labor racketeering which has delayed and hampered our defense program by months and months.

Second. He has failed to put an end to interunion strikes which are delaying and hampering the defense program.

Third. He has failed to place the procurement and management of the production of defense requirements in the hands of one man with responsibility.

Fourth. He has failed to get rid of the National Labor Relations Board and put men upon it who represent the United States of America. By this failure he has catered to racketeering and has opposed defense.

Fifth. He has continued to submit here unnecessary appropriations for the purpose of carrying on of civilian activities which sap our defense program and the labor required for it, which sap our financial structure and point the road to bankruptcy.

Sixth. He has failed to get rid of those in his Cabinet who are not capable of handling their positions and who are a drag and a hindrance to the defense program.

I want to say right here and now that I have always opposed those reactionary and destructive policies the President has pursued with reference to those things I have called attention to. The thing is in his lap. I want to see him cooperate with the defense program and put it through so that America will have the mightiest defense any country in the world possesses. I want to see things provided by the President, by his cooperation with the defense program, so that we shall be able to deliver enough stuff to Great Britain that Mr. Hitler will be ended. This, Mr. Chairman, is the situation that confronts America, a situation that demands immediate attention.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. MICHENER. The gentleman suggested that he hoped we should be able "to deliver" to Great Britain. Does he contemplate that we shall "deliver" to Great Britain here or in Great Britain?

Mr. TABER. I should hope it would be delivered here.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. MARCANTONIO. The gentleman now justifies his support of this bill on the basis that it has become the policy of the Government by virtue of the fact that the authorization has been granted by the Congress. Unless I am very much mistaken the gentleman has voted against the lease-lend bill and has voted time and time again against the many authorizations this Congress has passed with an overwhelming majority; yet, on those other occasions, not only did the gentleman vote against the authorization, but the gentleman also consistently opposed the appropriation. Will the gentleman explain why, in this case, he voted against the authorization but now supports the appropriation?

Mr. TABER. If the gentleman will look over the history of the last 5 or 6 weeks he will find that there were very many

Members who were loath to give certain powers and authority to the President, some of which, such as the lending and leasing of things, were fantastic, some of which were against the interests of America's economic position, such as that scheme by which an agreement might be required for the payment in kind later on, which might embarrass our own economic and industrial situation tremendously; and because of the lack of proper limitations upon it. But the gentleman will find, if he will examine the legislative history of the last 6 or 7 weeks, that there were hardly 15 or 20 Members of this House, and very few in the Senate, who did not vote in some way for substantial aid to Great Britain. I was one of those who did vote for substantial aid to Great Britain. I feel that when we are giving that substantial aid we are doing the thing that is absolutely necessary. When we have gone as far as we have to protect the United States of America I frankly feel that my vote on that bill and my vote in connection with it and my vote that is to come tomorrow, I expect, upon this bill are not in any way contradictory. Now, I feel something more.

I feel that if we do not provide enough money and enough facilities for the United States to help Great Britain with anything she needs to win that we are not voting for economy but are voting to prolong the agony and to make it worse. I believe that if we do a good job now we shall have completed the job, regardless of what other little things we might have to do in the meantime; but if we do not go in on a large enough scale today on what ought to be done and do it right, we are going to be in trouble ourselves.

The only chance we have, as I see it with this program, to keep our own boys from going across is to provide Great Britain with enough stuff so she can do the job without our help.

Mr. DONDERO. The gentleman means man help?

Mr. TABER. Yes; without any help from the standpoint of men. We have gone this far, we have taken our position, we have got to go full tilt in support of this kind of program or we are out.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. RICH. I appreciate the position the gentleman takes on this bill and I believe every man has a right to reason the thing out as he sees fit, because I believe every man here is 100 percent for our own country. I should like to ask the gentleman, however, in view of his statement that with the furnishing of these funds we have dumped the problem in the lap of the President whether we should not add a proviso recommending four or five things the gentleman feels he should do in order to cooperate with the Congress and cooperate with him in carrying out this program? After what has transpired in the last 5 or 6 years, does the gentleman have sufficient faith to believe that the President is going to do that?

Mr. TABER. I believe that the Congress is going to force him to do it before we get through. I do not believe that

anyone can run this kind of a program without doing what is in the interest of the American people and what seems to be required.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I want the gentleman to know that I have the most profound respect for his opinion and I think I have followed him almost universally on matters of appropriations since I have become a Member of this House, but I do not know that I can go along with him on this proposition until I become convinced. The gentleman from Virginia made a very eloquent speech about peace. He said we were going to have peace and that this is the way to get peace. But I remember 4 or 5 years ago when Cordell Hull appeared before the Ways and Means Committee and stated that we must pass certain tariff regulations in order to maintain peace. We have talked peace, peace, and peace, but every day for 5 years we have gone nearer to war until today the papers say that a submarine is waiting outside the gates of New York. How can the gentleman have any confidence in any promise that we are going to have peace by the expenditure of a little money?

Mr. TABER. The only confidence I have that we might get peace from the expenditure of this money is that if Great Britain has enough stuff to lick Hitler and she does lick Hitler, then we can have peace. If she does not lick Hitler we cannot have peace, in my opinion. No one should figure that we have not gone into this program of supplying things, because we have already started. We started within a couple of hours after the bill, Public Law No. 11, was enacted. We have gone so far that there is no backing out and we must go all the rest of the way and under any other program for aid to Great Britain we would have had to go all the rest of the way in supplying everything that they need.

Mr. JENKINS of Ohio. How does the committee come to the conclusion and justify an item like item 7 on page 3 of this bill, an appropriation of \$1,350,000,000 for agricultural purchases? Will the gentleman state if anybody appeared before the committee with figures to justify that expenditure?

Mr. TABER. There is no item there for \$1,350,000,000 for agricultural purchases. The agricultural purchases will in all probability be small at this time with what is in sight. The big items will probably be steel, fuel oil, gasoline, and that sort of thing.

Mr. JENKINS of Ohio. Perhaps I made a mistake in connection with that item, but has the whole proposition been justified?

Mr. TABER. Yes; it has.

Mr. JENKINS of Ohio. How was it justified?

Mr. TABER. It was justified by items covering what they needed and what they needed these things for, steel, and such things as that, in very large quantities; and it is not difficult to see why they need steel.

Mr. JENKINS of Ohio. Who does the gentleman mean by "they"?

Mr. TABER. The British.

Mr. O'CONNOR. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Montana.

Mr. O'CONNOR. As I understood from the speech of the gentleman from Virginia, there is about a half billion dollars in this bill for the purpose of purchasing tobacco, cotton, and some other food materials?

Mr. TABER. I guess there is all together, but not in this item.

Mr. O'CONNOR. I want to ask the gentleman's opinion on this, because I have a very high regard and respect for the gentleman's fairness and for his opinions upon all economic matters. There is none of this money going to be used for the purchase of wheat, yet we have a tremendous surplus of wheat in this country, an aggregate of 400,000,000 bushels. Canada has likewise a surplus of wheat. We are not selling any wheat to Great Britain. Great Britain is going to take all of the wheat that she needs from Canada, her own dominion.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 5 additional minutes.

Mr. O'CONNOR. As pointed out by the gentleman from Washington [Mr. MAGNUSON], in connection with the question he asked the gentleman from Virginia, we find that the assets of England or Great Britain in this country as listed do not include the assets in this country belonging to Canada or its subjects. Now, here is what we are doing: We are going to extend credit to Great Britain. She is getting her wheat supply from Canada, maybe through credit we are giving her, and she is paying Canada for wheat, and we are keeping our wheat supply here with no place to go with it, yet we are not compelling the Canadians to exhaust their resources in this country before we extend credit. It seems to me, we will compel our taxpayers to pay before the taxpayers of Canada pay. Does the gentleman feel that is fair to the American taxpayers? Does he not feel we are giving preference to the Canadian taxpayers, and considering them before we do our own taxpayers? I think that is all wrong.

Mr. TABER. No. I understand that there are about \$2,000,000,000 of British investments in Canada, and about three and one-half billion dollars of investments in South America. I would express the hope that those securities might be taken by the President as security for the payment of the things being turned over to Great Britain.

With reference to the question of whether they take Canadian wheat or wheat from this country, we could hardly expect Great Britain, with the situation with which she is confronted, with Canada spending perhaps 30 to 50 percent of its earned gross income upon Britain's defense, to do other than buy its wheat from Canada.

Mr. BENDER. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. BENDER. I listened to the gentleman's very fine statement and I listened very attentively. I gather from the gentleman's remarks that we are in

the war already except for the shooting, is that correct?

Mr. TABER. Well, I do not know that that is so, but I do know that we have embarked upon this program. If we do not go the rest of the way and supply enough, in my opinion, we are going to be actively involved.

Mr. BRADLEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. BRADLEY of Michigan. The gentleman has made a very clear explanation. In justification of his vote for this appropriation, he has stated that it is his desire to bring about peace. I am sure we all want to do that, but we remember that back in 1917 we went to the help of Britain, likewise for the purpose of bringing peace to the world, and when the shooting was all over we were not considered when it came to insuring peace in the world in the future. I am wondering if in the hearings before the gentleman's committee, either on or off the record, any indication was given by the State Department that at the end of this war we might be considered when it comes to making the world peaceful in the future, or is it going to be left in the hands of Great Britain to decide what will make for peace in the world in the future?

Mr. TABER. If we are going to attempt to police the whole world, we can then attempt to set up what other countries are going to do. If we are going to follow the policy that our country has heretofore always followed, with the one exception of during our active participation in the World War, it is impossible for us to say that we are going to lay down and prescribe the terms of peace. I would not attempt to discuss that program, because it involves so many things that are out of sight and that cannot come into sight until the conclusion of the hostilities.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 10 additional minutes.

Mr. BRADLEY of Michigan. We are trying ostensibly in this program to get some sort of security for this lease-lending, but I am simply asking whether any attempt has been made, as far as the gentleman has been able to find out, to secure any assurance that we shall be considered when the peace terms are before us.

Mr. TABER. I have not asked that question, because I realize that it carries with it the implication that we are going to be prepared to join with someone else to police the world, and I do not think our country is prepared to take that position at this time. I am afraid that would be getting in over our heads to start with.

Mr. BRADLEY of Michigan. I think we are in over our heads now.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. DONDERO. I assume material facts have been conveyed to the gentleman's committee which in the public interest it may not be wise to divulge, but can the gentleman inform the House

whether or not the time element was discussed before his committee on the basis of whether or not by going in and furnishing this material we will still be in time to reach the desired end?

Mr. TABER. I may say to the gentleman that it was the universal judgment of the men who appeared before us, the Chief of Staff of the Army, the Secretaries of War and of the Navy, and the representative of the Chief of Operations of the Navy, that we would be in time. Let me say that many things have already gone. The production of our factories in the essential terms of bombers and ships and things that may be used immediately and most effectively to combat Mr. Hitler has improved very markedly in the last 4 months, in spite of the failure on the part of the President to give his full support.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from South Dakota.

Mr. MUNDT. I should like to propound substantially the same question to the gentleman that I did to the gentleman from Virginia [Mr. WOODRUM]. The time of the gentleman from Virginia was limited when he made his reply and his answer was not very specific.

I am sure we all realize there is no security to America in the simple expenditure of \$7,000,000,000 from our almost bankrupt Treasury. Any security which can come must result from what this \$7,000,000,000 will provide at the other end of the production line. If excessive labor demands through union racketeers or un-American profiteering by greedy industrialists dissipate that production substantially, it correspondingly hazards the security intended to be obtained by this whole program.

I wish to ask the gentleman the direct question whether he feels that we have sufficient safeguards at the present time to prevent profiteering by individuals in the handling of this \$7,000,000,000 fund, or whether additional legislation should be enacted to prevent a repetition of the World War days, when we produced some 22,000 illegitimate war millionaires?

Mr. TABER. I am personally of the opinion that if we are going to come out right side up in this situation some very substantial increases in taxation must be assumed and borne by the American people, and that sort of taxation would undoubtedly reach a very large portion of the group to which the gentleman refers. I do not believe Congress can be asked to supply the funds for defense, and that certain groups can be called on to pay taxes, without everybody getting in on the game and going full fledged in favor of the program. Everyone has to work if they want America to win. [Applause.]

Mr. MUNDT. I am very glad to hear the gentleman say that, because I share that opinion with him wholeheartedly. It seems to me that with a million of our best American producers doing their bit in defense at \$30 a month, when we talk about all-out aid and all-out sacrifices it should mean that this present generation of Americans should pay substantially in taxes per year the amount we are giving in all-out aid to other countries

per year. If we are going to have sacrifices, let them be made by the present generation of Americans, and not steal the money from the baby's bank.

Mr. TABER. We certainly ought to take as much interest in the situation as we expect others to take.

Mr. MUNDT. I hope the gentleman will use his powerful influence in this House to help convince the Committee on Ways and Means that it has an obligation to bring back a tax bill which will eliminate war profiteering and cause the present generation of Americans to dig deep into their pockets to pay the costs we are today incurring.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. May I ask the gentleman about a statement he has just made, and I hope I may have the attention of the distinguished chairman of the subcommittee also. A few minutes ago the gentleman spoke of the \$2,000,000,000 in Canada and \$3,500,000,000 in South America of British assets.

Mr. TABER. Of British-held securities.

Mr. VORYS of Ohio. The gentleman used a phrase something like this: "I have a hope that these will be assigned as collateral for the advancements our country is making."

While the gentleman from Virginia [Mr. WOODRUM] was speaking, in a colloquy with him I understood both the gentleman from Virginia and the gentleman from New York to say that they had been given assurances, not directly from the President, but indirectly, in ways which they considered entirely satisfactory and reliable, that British assets in this hemisphere, such as the securities which the gentleman mentioned, would be transferred, in some practicable and satisfactory way, to this country as collateral for our advancements. Which is the fact?

Mr. TABER. I understood directly that every security that could be had would be transferred to and obtained by the United States.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes; I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. On page 20 of the hearings, the gentleman from Pennsylvania [Mr. DITTER], asked Secretary Stimson the following:

Is it contemplated that any of the funds that are being presently appropriated will be used either for the expansion or emplacement of facilities or plants in any countries other than the United States?

Secretary STIMSON. Not so far as I am aware, at all.

Does the gentleman know whether or not any portion of the \$7,000,000,000 will be spent outside the confines of the United States?

Mr. TABER. We were given a detailed break-down of that set-up by Mr. Knudsen so that we were told exactly what was to be done and where it was to be done. All of it was within the continental limits of the United States.

Mr. VAN ZANDT. Within the continental limits of the United States?

Mr. TABER. Yes.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. REED of New York. Is there any understanding or has there been any understanding as to what portion of the war materials that are going to be manufactured and paid for out of this fund will be retained for our own national defense, as we go along?

Mr. TABER. There is no understanding of any character with reference to that. In the present state of the world the gentleman can realize that we cannot tell what is going to happen. It will be up to the President to determine at the time the stuff is produced and ready to be used whether somebody else needs it worse than we do or whether we need it worse than somebody else.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 5 additional minutes.

It is an item that, with the present state of the world, I do not see how it can be determined in advance.

Mr. REED of New York. Does not the gentleman think that a problem as vital as this to the defense of this country, with potential enemies on one side and on the other, it would be well for us at least, as a Congress representing a free people, to have something to say as to some percentage that should go to the building up of our own national defense?

Mr. TABER. We are embarking upon a considerable defense program of our own. We are bringing in a bill here within a few days calling for \$4,150,000,000. We are providing in there for those things that are required for the equipment of the 1,400,000 men who are currently scheduled to be in our Army before the end of this fiscal year. We are providing for it the program that the heads of the bureaus of the War Department have told us is needed for their program and we have provided liberally for those needs, and in addition there is a reserve of a very substantial amount to take care of things that might not be foreseen. I think that we have provided for this as far as we can or insofar as our own needs might be concerned.

I am going to say now what, perhaps, I should not say, but I am going to say it. I realize that Public, No. 11, or H. R. 1776 had no reservation with reference to the items that might be procured under it. I called the attention of the President to it and he submitted with his Budget estimate language which has been changed by the committee into section 3 of the bill that is before you. If I may be permitted, I am going to read that at this point:

Any defense article procured from an appropriation made by this act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

I feel that in obtaining that concession to those who are especially interested in preserving our own defense and providing for the keeping of those things that

we might need at the time that the President has shown a spirit of understanding of some of the thoughts of others.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 5 additional minutes.

Mr. REED of New York. Is it the gentleman's opinion then that this appropriation of \$7,000,000,000 is not considered entirely for aid to Britain; that part of it will be used for our own national defense?

Mr. TABER. I am satisfied that if our own national-defense requirements demand any of this production that we are hoping to secure under this bill, that our own United States requirements will be met.

Mr. REED of New York. But that is in the discretion of the President?

Mr. TABER. It is in the discretion of the President. I do not believe he will run out on the country on that.

Mr. REED of New York. There is just one other question that I would like to ask the gentleman. Is the gentleman familiar with the testimony recently given before the Judiciary Committee as to the state of production of airplanes at the present time, owing to the labor tie-ups?

Mr. TABER. I am.

Mr. REED of New York. What is being done about it?

Mr. TABER. That is why I have said that I feel that in the passage of these bills it is up to the President, and I want him to know that I and a very considerable number of the Members of the House of Representatives want him to come through and cooperate in the defense program. [Applause.]

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. MICHENER. Inasmuch as this appropriation of \$7,000,000,000 is the first step in fulfilling the mission on the part of the United States of becoming the arsenal for the democracies of the world, do I understand the gentleman to say that Mr. Knudsen, the Chairman of the O. P. M., has broken down this \$7,000,000,000 for the committee? Has he justified the necessity for this large sum? Is the committee satisfied that this \$7,000,000,000 will be spent largely in the United States for defense articles, from tobacco to airplanes?

Mr. TABER. I would not want to say that Mr. Knudsen broke down every item himself. I would say that every item was broken down for the committee. Mr. Knudsen broke down some of them himself. High-ranking officers of the Army and the Navy broke down others. Mr. Smith, the Director of the Budget, broke down still others so that we had a complete break-down of everything. There is nothing here in the bill that is a lump-sum appropriation, with the single exception of \$40,000,000 for expenses, which, we were told, would be largely, or a considerable amount, in freight, and the \$10,000,000 for the personal services of employees, whom we were told would all be civil service. If I am not correct in that, I would like to be corrected. It is to the extent of \$50,000,000 a blank check—\$50,000,000 out of \$7,000,000,000.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. RICH. This bill carries \$7,000,000,000 for the purpose of aiding in the arsenal to get Hitler, and anyone who is trying to do away with the democracies of the world. In the bill we have \$350,000,000 which it is said is for agricultural purposes. We desire to aid Great Britain at every point, but does the gentleman not think, if we are going to spend \$350,000,000 for agricultural purposes, which will be for the women and children of Great Britain who need food and shelter as well as their army, that we ought to make an appropriation of five or six hundred million dollars to buy food for the starving women and children of France, the starving women and children of Belgium, the starving women and children of Italy, of Poland, of Norway, of China, and other nations, that we may show the Christian spirit—sustain life with food.

Mr. TABER. I think the gentleman has made his speech.

Mr. RICH. I want to finish this—and does the gentleman not think we ought to ask Great Britain to permit us to do the Christian act in order to save these people from starvation and permit us to send food to them. They request powder to kill people. We should demand permission to keep women and children from starving to death.

Mr. TABER. I am not going into a discussion of that question. I think we are hardly in a position to know exactly what Great Britain ought to do in reference to that situation. I am satisfied from the attitude that she has taken toward the carrying of wheat to Free France that she is prepared to do anything she can within reason to help suffering people, but I do not think that we want to be double-crossing ourselves the way we have been in expediting the prosecution of the defense program. I yield now to the gentleman from Montana [Mr. O'CONNOR].

Mr. RICH. But just one question.

Mr. TABER. Oh, no.

The CHAIRMAN. The gentleman declines to yield further.

Mr. O'CONNOR. Is it contemplated to extend any credit to Great Britain or any of her dominions at this time under this bill or any other bill that is before the committee?

Mr. TABER. There is nothing in this bill that would permit the extension of credit to anybody. This bill is entirely for the procurement of specific things, and the sending of them to carry out the purposes of the bill, but there is no provision here whatever for the extension of credit. Whether there is anywhere else I do not know. Perhaps there is.

Mr. O'CONNOR. When England's cash or liquidated assets are exhausted, and we are still producing as a result of this \$7,000,000,000, what are we going to do then toward selling these materials to England if she has not the money to buy them?

Mr. TABER. I do not know what the attitude will be, or what the President will ask them to do. Maybe he will ask them to give us an I O U for it. He can under the bill.

Mr. O'CONNOR. He can under this bill, and if she has not the money she will get the goods anyway?

Mr. TABER. He can do it under H. R. 1776. He does not have to have any other bill to let them have these materials on credit.

Mr. ALLEN of Illinois. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. ALLEN of Illinois. I have a great deal of respect for the gentleman, and for the gentleman from Virginia [Mr. WOODRUM]. I remember back in 1934 when the gentleman from New York and the gentleman from Virginia were making bankrupting speeches about adding millions of dollars to the national debt, when the national debt was down to around \$27,000,000,000, and now we are going up to \$65,000,000,000, and the gentleman says that the die is cast. I am wondering what has come about that permitted the change of heart.

Mr. TABER. There has been no change of heart. I am just as much disturbed about the financial condition of the country as I ever was. If some of these silly things had not been done, some of these antisocial things had not been done, our Treasury would not be in the situation that it is today. But we are right now at the point where we have got to spend money for the protection of the United States of America, and I go to the last dollar when it comes to protecting the United States of America. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I will take 5 minutes more and that is all.

Mr. ALLEN of Illinois. The gentleman has stated that he is for strong national defense. It is universally considered that one of the strong factors for a strong defense is sound currency. I am wondering if we do go bankrupt, if this war goes on for 10 years and we have to finance Great Britain for 10 years, whether we will not be weakening our own national defense by nearing bankruptcy?

Mr. TABER. Well, we are into the thing to this extent: We have promised to go all the way. I am wondering if there is anyone who does not realize that if we do not go far enough in supplying these things to Great Britain, Mr. Hitler will be on our backs next, and we will have a great deal bigger bill to pay than the cost of anything that would go to Great Britain.

Mr. HOFFMAN. Stick our necks out and get our heads cut off?

Mr. TABER. The neck is already out.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CRAWFORD. I wish to ask a question with reference to charge No. 3 in the gentleman's formal statement. Would you go so far as to take the position that the President should specifically place the head of the Priorities Division in absolute charge, with the other members of the committee simply sitting in an advisory capacity, and would you say we should take the same action with reference to labor mediation work?

Mr. TABER. I certainly would.

Mr. CRAWFORD. Put one man in absolute charge, with the other members of the two committees acting as advisers to that one man, but the entire responsibility on the one man?

Mr. TABER. I would.

Mr. CRAWFORD. May I ask one other question? In all the discussions with reference to the placing of British-owned investments in the Western Hemisphere as collateral has there at any time been mentioned British-owned investments in Hawaii and the Philippine Islands?

Mr. TABER. I assume they are included in the inventory of the securities held by Britain in the United States. I do not know.

Mr. CRAWFORD. But you have heard nothing specifically mentioned with reference to Hawaii and the Philippine Islands?

Mr. TABER. No.

Mr. HOFFMAN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. HOFFMAN. Today's noon edition of the Washington Daily News contains this headline: "Strikes to slow down bomber output." It is a fact the Army is not getting machinery for the powder plant in Virginia. The Navy cannot get the turbines needed for ships it wants to build out of the Allis-Chalmers plant. I ask the gentleman from New York [Mr. TABER] the next time you see the President and he wants more money, will you ask him if he will stop these strikes, which are preventing national defense going forward?

Mr. TABER. I pretty well told him that this morning.

Mr. HOFFMAN. Will you tell him that he will not get any more money until we do have a little cooperation on his part?

Mr. TABER. I think it is up to him to cooperate. I think the gentleman from Michigan has done a great work for America in calling attention to a lot of these vicious things that have been going on.

Mr. HOFFMAN. But it does not get us anywhere so far.

Mr. TABER. Yes; it does.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. STEFAN. Has it really been developed what is the total of the British assets in this hemisphere? I understand it has been developed that they have \$3,000,000,000 in South America, or securities to that amount; about \$2,000,000,000 in Canada. What was the figure in continental United States? Was it \$1,300,000,000 or \$2,000,000,000?

Mr. TABER. Altogether they had assets of a little over \$2,000,000,000; but they owed upon these contracts in the United States, out of that \$2,000,000,000, \$1,400,000,000 as of the 1st of January, when the statement was made. They have liquidated \$382,000,000 of that \$1,400,000,000. That means that they still owe \$1,000,000,000, and that the gold and balances and deposits of securities have evaporated at least to that extent.

Mr. STEFAN. There should be something definite. Many statements have been made as to the total amount of se-

curities which the British Government or British nationals have over here. As I understand, those securities have been taken over by the British Government. Is that true?

Mr. TABER. That is true.

Mr. STEFAN. As you explain it, it will be something like six and one-half billion dollars, including the securities in the United States, the securities in Canada and South America. Is that the total assets, or what are the assets?

Mr. TABER. Oh, they have some other assets in South Africa and in India.

Mr. STEFAN. I mean in this hemisphere.

Mr. TABER. The six and one-half billion would be more than the total as it will be after they have paid the other billion dollars upon the contracts that are now existing.

Mr. STEFAN. What has been said about securities of Canadians in continental United States, anything?

Mr. TABER. Nothing whatever. Frankly, it seems to me that with Canada dumping 50 percent of her gross income into this situation, we can hardly expect her to go much further, in view of the number of men that she has in active hostilities.

Mr. STEFAN. Then you are working on the assumption of six and one-half billion dollars of assets. Is that right?

Mr. TABER. Nearly. About five and one-half billion dollars in fact. [Applause.]

[Here the gavel fell.]

Mr. O'NEAL. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, it is a privilege to follow the gentleman from New York in perhaps the most significant pronouncement of his long and useful legislative career. His attitude and the attitude of the other members of the committee in voting unanimously to report out the pending bill is one of the most reassuring trends of these troubled times. The cooperation of majority and minority members in the consideration and drafting of this bill and the attitude of both parties, as indicated by the debate here on the floor up to this time, are in marked contrast with the course of every democracy drawn unwillingly into the European conflict. In the parliamentary bodies of every country subject to the unprovoked aggression of the invader, partisanship and personal consideration were so strong that the inevitable hour of decision found them so discordant, distrustful, and disorganized, so unprepared and unprotected as to leave them easy prey to foes without and within.

So long as we have in the Congress statesmanship of the high order evinced here today, our country and our people, our form of government and our way of life are secure. [Applause.]

Mr. Chairman, this is an unusual bill—unusual in the magnitude of the sums appropriated, unusual in its portent, and unusual in the celerity and expedition with which it has been drafted. It carries the largest peacetime appropriation in the history of the Congress. It involves unusual commitments, and it has been brought to the floor in the shortest

time consistent with mature deliberation. That does not mean that every detail of the bill has not been carefully scrutinized or that any possible safeguard or precaution has been overlooked. It does mean that in a national emergency, under our form of government, the administration and its agencies and the House and its committees can act as promptly and efficiently and effectively as the situation may require.

I want to be frank about it. There is not a member of the committee or the House who is in a position to say even now just what is necessary under the circumstances. But, so far as we are able to judge, we are as ready now as we would be after 3 months of hearings and investigations instead of 3 days. For these are matters incapable of definite personal ascertainment. They are matters of such specialized and technical nature that we must necessarily accept the composite judgment of others—the weighted opinions and recommendations of those who know.

We were not in position—and the Members of the House are not in position—to determine with certainty the number of ships and the class of ships required; how many planes and the character of planes required; the quantity and nature of the munitions and equipment needed. But we have sifted carefully and painstakingly the information secured from authoritative sources, and after exhaustive study we believe the bill represents the most complete and comprehensive provision that can be made to meet the situation at this time.

To that extent we had to be governed largely by the expert and professional testimony of the witnesses called before us. But in other lines we were able to proceed on our own initiative, in the light of our own experience and observation, and with the assistance of blue prints and specifications drawn from the files of the past. Within the recollection of Members now on the floor, the House at the close of the last emergency of this nature appointed a select committee on expenditures—a committee which spent a million dollars in the investigation of the expenditure of just such appropriations as this. It is gratifying to recall that they uncovered no speculations or unwarranted diversions or irregular disposition of funds. But one thing they did report—and which we should have in mind at this time—was a lack of system and coordination under which, as a typical example, 32,000,000 pairs of shoes were purchased for 3,000,000 men, and 945,000 saddles were provided for 86,000 cavalry horses. Such historic delinquencies have been called sharply to the attention of those in position to prevent such errors in the administration of the funds provided in this bill and every precaution taken to prevent their recurrence and every assurance secured against such maladministration in the future.

Another remembered deficiency in the disposition of former appropriations was the failure to make provision for cancellation of contracts on short notice under formulas which provide for equitable and definite determination of allowances for such losses incurred by parties to similar contracts. No doubt a classic instance of

the need for such provision was that of the Eastman Kodak Co., which supplied large quantities of film for the use of the intelligence service. The Government, in the course of its general refund policy, sent the Eastman Kodak Co. a check for \$50,000 as compensation for losses incurred by the company incident to the unexpected cancellation of its contracts. And be it said to the everlasting credit of the company the check was returned with the notation that the company had suffered no appreciable loss and nothing was due. But the sums paid out to companies which took another view of the situation amounted to millions of dollars, some of which at least is subject to the surmise that the obligation of the Government was no greater than in the case of the Eastman Kodak Co. In order to obviate unwarranted liability on this score, the committee has received assurances that all contracts will carry standardized provisions protecting the Government under such circumstances and insuring provision for any other contingency which can now be foreseen in the light of past experience.

The committee has stressed, and the various departments of the Government represented have given assurance, that every precaution dictated by prudent business management will be observed in the expenditure of these funds and every care will be exerted to provide and maintain records which will be open to the scrutiny of the Appropriations Committee, the legislative committees, or any special committees which may be appointed either now or at the expiration of the emergency.

Mr. COFFEE of Nebraska. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. The gentleman from Missouri and all of the other members of the Appropriations Committee which have so ably presented this bill have all spoken about certain needs. I am wondering whether the committee has given very much attention to the question of how much we can afford in providing this aid to Britain and the other countries?

Mr. CANNON of Missouri. The question with this committee—and the question with the country today—is not how much we can afford to spend but how much we can afford not to spend? Having put our hands to the plow we cannot turn back. What we do now we must do with our might. We cannot afford at this time to take the risk of supplying insufficient funds when with the expenditure of an adequate amount we could keep this war from our shores and save us the necessity of having to remain continuously under arms; possibly save our cities and our homes from devastation of war. Those are considerations on which we cannot place a price in dollars and cents.

Mr. WHITE. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Idaho.

Mr. WHITE. The gentleman spoke about putting his hand to the plow. He is chairman of the Subcommittee on Agricultural Appropriations that has made

a great many appropriations for agriculture during his time in the House.

Mr. CANNON of Missouri. Yes. I am glad to have the gentleman call attention to that phase of the defense program. According to the testimony of witnesses before the committee, food is one of the most important munitions. General Burns expressed the opinion that the rations for the soldier were more important than the gunpowder for his gun.

It is gratifying to know that the farmer is not only one of the most indispensable factors in the defense program, but that he is discharging his duty in that regard with exceptional efficiency, and there are today larger supplies of grains and meat animals and all essential foodstuffs than ever before in the history of the Nation.

[Here the gavel fell.]

Mr. O'NEAL. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WHITE. Has the gentleman given any consideration in considering the agricultural situation of this country to the release of English funds and the advances they are making to other countries competing with us in agricultural products, and that the funds that are now coming to this country from England will be released and will flow into countries that compete with us in producing agricultural products?

Mr. CANNON of Missouri. There was no evidence before the committee to substantiate the gentleman's surmise, I am glad to say. On the contrary, we were informed that all funds allocated from this appropriation for agricultural products will be disbursed in the United States.

Mr. MURDOCK. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Arizona.

Mr. MURDOCK. We have heard that haste makes waste. The gentleman believes that with this great program, a thing of haste where time is of the essence, there may be some waste in the carrying out of the program but, as I understand him, the gentleman feels that we are apt to have relatively much less waste in this Government, less to investigate at the conclusion, than we had on the former occasion?

Mr. CANNON of Missouri. I am glad to say to my friend from Arizona, who is always ready to cooperate in economy and efficiency, that while under the limitations of human infallibility, it would be miraculous to suppose that in a vast program of this character, involving huge expenditures of money in so many fields, there might not be here and there some mistakes; that this committee in reporting the pending bill has omitted no possible precaution to avoid any waste and to implement and facilitate any future inquiry or investigation.

Mr. MURDOCK. Last week we decided not to have a certain committee to investigate this matter. What has been done by way of checking as we go along?

Mr. CANNON of Missouri. We have required of those who are responsible for the expenditure of this fund that they keep their records in shape to report to any agency and that they proceed in such orderly manner that it will be pos-

sible at all times to check any item and to keep in touch with the disposition of every dollar of this fund.

Mr. FADDIS. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Pennsylvania.

Mr. FADDIS. It is not well to leave the understanding that last week the House decided not to have an investigation of this matter. As a matter of fact, I would like the gentleman from Arizona [Mr. MURDOCK] to understand that the Committee on Military Affairs has been conducting for the past 6 weeks an investigation of these matters and is still doing so. In fact, it held a hearing today.

Mr. CANNON of Missouri. It is my understanding that the action taken at that time was not on the question of making an investigation but on the question as to what agency should conduct it.

Mr. MURDOCK. That is what I intended to imply in my statement. I favor a close check by Congress, through proper channels, to watch this huge expenditure.

Mr. CANNON of Missouri. I so understood the gentleman, and I concur in his views. It is my understanding that the Committee on Appropriations expects to make periodical surveys and, of course, keep in touch with the situation and that the committees having jurisdiction over such matters will see that there is no neglect along that line.

Mr. Chairman, in conclusion, may I express the hope that the—

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. LAMBERTSON].

Mr. LAMBERTSON. Mr. Chairman, if the two ranking members on the Republican side do not do so, I am going to move to recommit this bill with instructions to slice off \$2,000,000,000, to be proportionately distributed throughout the various categories contained in the bill. I hate to differ from my distinguished leader, the gentleman from New York [Mr. TABER]—and may I say that I have always followed him when he has been for economy—but I reserve the right to pick my own course when he does not see fit to follow that course.

I am going to offer this motion to recommit for three distinct reasons:

First. Five billion dollars will start it;

Second. Congress still holds the purse strings; and

Third. We have been fooling the people.

I shall make a few remarks on these three points.

On Friday of this week we will have the fifth supplemental defense bill up for consideration. The first came in last June. This is the first British bill. Everybody knows this will not be the only British-aid bill. We have started with \$5,000,000,000. We have given it a good start, but they will be back for more. We have given this \$7,000,000,000 a fair cut. We ought to support the motion to recommit to eliminate \$2,000,000,000 from this bill.

The gentleman from Missouri said we had 3 days of hearings. We had just 2 days of hearings. We touched 3 days. We started in the afternoon of one day

and finished in the forenoon of the third day. We had just 2 days of hearings on this \$7,000,000,000, and over half the hearings are not printed. Nobody but those of us who sat in on the committee hearings knows what was said. The important things are not printed in these hearings, and you have the least of the whole thing in the printed copy.

There is a \$200,000,000 item in the bill which allows us to bring the British battleships into our ports to recondition them, or to bring in the ships of any other country. Do you not believe that is worth talking about a little bit? Do you not believe that might bring war right to our shores? Yet we passed over and swallowed in the committee this item of \$200,000,000 to recondition England's battleships in our docks. That is something to think about. It did not raise a rifle in this committee, apparently. It ought to raise a rifle in this House and it ought to raise a rifle in the Senate. Yet we did not dot an "i" or cross a "t," apparently, on the whole \$7,000,000,000, and we held only 2 days of hearings on it. Do you not believe it is worth perhaps cutting down and giving a little extra consideration to this all-out aid to England?

Talk about being drawn in; I think this last item to which I have referred might easily help us to do that. Remember, in our own defense, which is first, we will by the end of this week have had five supplemental defense bills, besides our regular supply bills and deficiency bills, since last June. The implication is going out that this is all we are going to give England. You know that is not reasonable if we are committed to an all-out program. The only chance of this war's ending soon is that Germany wins. The only chance that we have to win or England has to win is a long war, because we are on the defensive. That is reasonable. England is on the defensive. It has been pushed off the Continent two or three times already in this war. We cannot reasonably say that anything is going to happen to Germany suddenly and that we will win the war, so England will be back here for a lot more money. Many times we have heard the gentleman from Virginia say to this body that we can get along with this now. We are going to be right here, and if they want more they will be back. That proposition should certainly hold good here, for we are going to be right here and England will be back for more.

I have heard it expressed all through this House debate, and particularly in another body I heard a distinguished leader of that body say continuously, "Congress still holds the purse strings." No matter what you do here, you give the President this power, and you appropriate the money later.

It is said that Congress appropriates the money. Let us see whether we do or not. I am challenging the House to see whether we do, or whether this is the first bill under this new arrangement. Maybe we are in the war since Saturday night; I do not know. Maybe we are. It sounds like it, as I heard that speech. But this is the test to find out whether or not we are in the war. If we are in the war, of course we will just go along and do ex-

actly what the Commander in Chief tells us to do. They are trying to place that halo on him and bring that psychology to us now.

My distinguished leader says the die is cast. I do not believe so, unless we accept this thing. At least, the die is not cast on the total amount of money. We do hold the purse strings if we have the nerve and the manhood to exercise our control. The die is not cast on what we are going to give them. If this is to help morale, why not give them \$15,000,000,000 or \$25,000,000,000? In the long run, morale may help a little in this bluffing game we are playing, but it is not going to win the war when the showdown comes. Everybody is familiar enough with what we can really do and what we really have.

They talk about unity. I am for unity when our boys begin shooting and getting shot. I am not going to agree to any dictatorial unity until our boys are in this war. They told us it would not be that way, and I am not going to accept this psychology of being in this war until our boys are in it.

I think they are getting into it. I think that all-out aid means sending our boys. They have just been fooling us all along, from the very first, on this whole proposition. It is time for Congress, which represents the rank and file of the people at home, who never have agreed to this war, who have been fooled, and who have been put into it practically without any declaration, to do something about it. It was planned from the beginning not to have a declaration of war. We planned to imitate Japan on that score and not have any declaration.

They say, "Let us not have partisanship." The first speaker today emphasized that and congratulated us on our wonderful unity. I say that any time anybody on this side criticizes anything that is happening in the national-defense program, they over there are going to say it is partisanship. They are going to say it almost unanimously, and you cannot say there is not going to be any partisanship if anybody dares to criticize. We are more prone to criticize and are bolder about it than you over there, because we are in the minority, and you know we have more freedom to do it than you have, too.

The President has made three recent speeches. He made one on the anniversary of the A. A. A. a few nights ago, and he brought the war into that, and challenged the farmers for their loyalty and for their sacrifice. He made a speech Saturday night in which he pledged all-out aid, and he made it sound like Hitler. He put the kick into it that Hitler puts in when he is talking to his workers at noontime in the different yards, as it was pictured to us months ago. Then last night, even at the dedication of the great art gallery, where he ought to forget war, he had to bring it in there. At the close of his great speech at the dedication of the great Mellon Art Gallery, he brought it in again. His mind is on it. He is enthused over the chance that he is going to be a war President, like his great hero, Woodrow Wilson. He has been acting on it for months and he is

joyful almost to tears that he is going to be a great war President.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. Yes.

Mr. KNUTSON. I am wondering if some of this feeling displayed against Hitler down at the other end of the Avenue is not inspired by reason of the fact that Hitler has been crowding certain individuals for front-page notice in the newspapers.

Mr. LAMBERTSON. I do not know, but I remember the gentleman's speech not so long ago and I do not know what verification he had for it, but it made a pretty good story that he told about what happened down there at the party Saturday night. It is said, and I do not vouch for it, when the President stepped back after his speech, he slapped Mr. Willkie on the knee and said, "Wendell, we are in," and Wendell answered back, "Thank God." [Laughter.]

Then last night I happened to be listening over the radio to the great Secretary of the Navy. He was speaking in Baltimore and he spoke about the sacrifices we would have to make and the sacrifices the boys would have to make—that some of them might be hurt. Now, hurt where? Where are these boys going to be hurt that the Secretary was talking about last night? Are they going to be hurt over here now? No; not hurt over here now—hurt over there—that is what they have in their minds. They want to get us used to it just gradually. It is being built up awful fast in the last 2 or 3 weeks through these three speeches of the President and now his Secretary of the Navy last night was talking about the boys having to sacrifice and stating that some of them would have to get hurt, and I ask where are they going to get hurt? They are getting us all ready for it, just fooling the people, that is all.

Now, are we going to function? That is the whole point. If there were no other reason to whack this bill a little bit, it ought to be worth while to whack it just to show that we dare to do it, if there were no other reason.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Does not the gentleman think it would be very wise, in fact vital, to the United States that the British should give us as collateral their title to the stocks of the railroads, and other holdings, in the Argentine and in other South American countries? Surely, it would be very much better for us to hold title to that stock. If the British should be defeated it would be better for the British as well as for us to hold title to that stock than to have the Germans take over those railroads. The first thing the Germans would do if they were victorious over England would be to take over those railroads in the Western Hemisphere and many, many millions of dollars, in fact many billions, are invested by the British in this hemisphere.

Mr. LAMBERTSON. Of course, they should do it, and everybody knows they have more holdings than they are willing to turn over. They are not acting in good

faith toward us. We know that. We just know it without being able to prove it by specific instances.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentleman from Idaho.

Mr. WHITE. Would it not be well for them to give us as security a commitment on the production of their gold and tin and rubber?

Mr. LAMBERTSON. Yes; that would be fine and they ought to do that.

They appreciate our help, but they have told us and we have been sold on the fact that this is our war and that they do not owe us anything because this \$7,000,000,000 is for us, and is not for England and we have been sold on the thought that they are fighting our war and if England loses they are going to be right over here the next morning after us. We sold our own people to a certain degree on that and that is the big thing in the President's program—that if England is whipped we are in for it. I do not accept that as a reality.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentleman from Michigan.

Mr. DONDERO. Has there been any discussion in the gentleman's committee or any information imparted to his committee on the question of the British possessions in the Western Hemisphere?

Mr. LAMBERTSON. There has been some information along that line, but I do not recall it. Some other members of the committee have that better in hand than I have.

Mrs. ROGERS of Massachusetts. In the hearings on the lend-lease bill, H. R. 1776, there is a good deal of testimony about the possessions in the Western Hemisphere.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentleman from Ohio.

Mr. BENDER. Dr. Gallup has said in a recent poll that 86 percent of the American people are against going to war. Are we being forthright with the American people as to what steps are being taken here in getting us into this war by degrees?

Mr. LAMBERTSON. I think there is no question that we have been getting into this war by degrees, and we are away ahead of the people. Somebody said today, I think, that we must carry out the mandate of the people, and so on.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. LAMBERTSON. Mr. Chairman, the people have been fooled all along on this proposition. The President's speech on Saturday night pledged all-out aid, and I think that means, as was said on the floor of the House this afternoon, if that is not enough we will give more. There is a time coming when it is going to be something besides matériel. No nation ever won a war for anybody else without sending men, and it is just as inevitable and as sure as the sun rises, if this is a long war, and it is bound to be

if we win, that we will send our men, and our leaders know it, and they are fooling the people on this proposition right along. I want to read to you what has already been much quoted, but I think it is wonderfully important. Senator HIRAM JOHNSON quoted it in his famous speech in the Senate, and I inserted it in the RECORD a week ago. He quoted what Mark Twain said years ago. It is wonderfully prophetic and fitting for what has occurred today, just how we have been led and fooled, and how we have succumbed and moved out, in trying to make for unity. Mark Twain, who lived in the district of the gentleman from Missouri [Mr. CANNON], said—and I quote from his book. The Mysterious Stranger:

I can see a million years ahead, and this rule will never change in so many as half a dozen instances. The loud little hand—*as usual*—will shout for the war.

The pulpit will warily object at first. The great big dull bulk of the Nation will rub its sleepy eyes and try to make out why there should be a war, and will say earnestly and indignantly, "It is unjust and dishonorable, and there is no necessity for it." Then the handful will shout louder.

A few fair men on the other side will argue and reason against the war with speech and pen, and at first will have a hearing and be applauded, but it will not last long. Those others will shout them, and presently the antiwar audiences will thin out and lose popularity.

Before long you will see this curious thing: The speakers stoned from the platform and free speech strangled by hordes of furious men who in their secret hearts are still at one with those stoned speakers—as earlier—but do not dare to say so. And now the whole Nation—pulpit and all—will take up the war cry and shout itself hoarse and mob any honest man who ventures to open his mouth. And presently such mouths will cease to open.

Next the statesmen will invent cheap lies, putting the blame upon the nation that is attacked, and every man will be glad of those conscience-soothing falsities, and will diligently study them; and thus he will by and by convince himself that the war is just, and will thank God for the better sleep he enjoys after this process of grotesque self-deception.

Mr. Chairman, that is perfectly analogous to what has been going on here. We do not realize it until it is over, but we are now in the process of being fooled. Congress refuses to function. There is a \$7,000,000,000 bill, and they do not cross a "t" or dot an "i," for fear they will be quoted some place in Germany or Japan. I say, let us rise up on our hind legs and be an American Congress again, and vote for the recommittal which I will offer tomorrow. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. STARNES].

Mr. STARNES of Alabama. Mr. Chairman, this is an all-out bill for democracy. It calls for all-out aid on the part of our people to the tenets of democracy. While it is true that the bulk of the money provided in this bill and the matériel to be supplied through this appropriation will go to England, yet it is not limited to England alone, but will go to every democratic country engaged in war for self-preservation. This is fitting. We today are truly the last citadel of free men and women. We

are the torch bearers of liberty and freedom. That torch has been extinguished in some countries and it is flickering and burning dangerously low under the threat of dictatorship in others. The passage of this bill will strengthen those countries. The passage of this bill will enable us to give definite, concrete aid to free men and free women everywhere who desire to fight and die, if need be, in order to remain free. This is an all-out aid bill for America, it is all-out aid for our own country, because 95 percent of the matériel provided under the terms of this bill can be used by our own armed forces.

Should, unhappily, England fall before the onslaught of Hitler in the springtime, we will need this matériel and it will be available for us. Therefore, in every sense of the word, it is truly an aid for America as well as aid for democracy elsewhere.

I want to call attention to the fact that we are appropriating huge sums for defense, but no price in money, no sacrifice in blood or treasure is too great to pay for freedom. We will be called upon to appropriate even larger sums probably within the next 12 or 18 months, but if it costs us \$30,000,000,000 to set the world free, it is a very small price to pay. The greatest job that this Nation has to face today is to produce munitions and matériel to feed the war machines of the democratic governments, including that of our own.

The President of the United States, in his speech on last Saturday evening, said:

The great task of this day, the deep duty which rests upon us, is to move products from the assembly lines of our factories to the battle lines of democracy, now.

Further he said:

The determination of America must not be obstructed by war profiteering. It must not be obstructed by unnecessary strikes of workers, by shortsighted management, or by deliberate sabotage.

In addition to the \$7,000,000,000 provided in this bill the Appropriations Committee will bring to you for consideration, within the next week or 10 days, the fifth supplemental bill providing approximately \$4,000,000,000 which will call for the production of matériel.

This war for democracy will be won or lost, depending upon whether or not American industry can meet the challenge and demands that are made upon it. This war will truly be won upon the production lines and in the factories of America. There is the great battleground of democracy today. That being true, there must be no stoppage of work. There must be no slowing down on the production lines or in the factories of the United States today. I am not afraid of 22,000 illegitimate war millionaires coming from this present conflict. Someone must pay this bill. Those who pay this bill will be the American taxpayers. I decry the effort on the part of some contractors, some businessmen, and leaders to profiteer on this present situation which has arisen, but I know that the American Congress, backed by the American people, will extract from businessmen, from contractors, yes, from every American citizen, taxes to pay this staggering bill.

I am afraid, my friends, of what is occurring on the production lines and in the factories of the United States today. Recently a very roseate statement was issued with reference to the relatively small number of men on strike and the relatively small number of dollars compared with the total involved in those strikes, but I want to call attention to the fact that those figures do not give you the full picture. Our industrial system is made up of many units, none of which is self-sustaining or able to stand alone. They all fit into an intricate machine. There are cogs which fit in this machine. Just as a small clot in the arterial system can produce deadly results to the human body, so can clots in the arterial industrial lifeblood of ours bring paralysis, decay, and death to this industrial effort to arm for the aid of democracy.

The disturbing thing about this picture is that the number of strikes is increasing, that they are striking at key points or choke points, and producing clots in our industrial system. The disconcerting thing about it is that it has the effect of slowing down the lifeblood of our industrial system.

I, too, want to call to the attention of this House the headline in today's paper that strikes will slow down the production of bombers in May, regardless of how much money we appropriate or how great our effort.

Approximately 70 men on strike in a little plant in New York failing to produce but 1 item of probably 20,000 items that enter into 1 of these huge bombers will have the effect of slowing down production on this vital instrument in the month of May.

There are three bottlenecks or choke points in our industrial preparedness program. The first is in airplanes; the second in ordnance; the third in machine tools—dies, jigs, and so forth. It is at those points that the strikes have been directed. There are three types of strikes in this program of slowing down production. One is the jurisdictional strike; another, the organizational strike; and, third, the sabotage strike.

Mr. RICH. Mr. Chairman—

Mr. STARNES of Alabama. I would prefer not to yield at this point.

Mr. RICH. I just want to make a point of order that there is no quorum present. The gentleman is making a fine statement and the House ought to hear it.

Mr. STARNES of Alabama. Let us take up the question of the jurisdictional strike and take an example. Let us go to Wright Field in Dayton, Ohio. There a jurisdictional strike is in progress today. The Penner Co., of New York, was employed on a \$36,800 contract—note the small amount of money—to put in certain electrical installations. Because four men belonging to a different union went to work on that job a strike was pulled. You ask, What of it? Here is how it affects the situation insofar as our defense is concerned: That strike obstructs the completion of a wind tunnel. We may just as well face the facts candidly. The planes we have been producing are not as fast as those England or Germany have produced because our engines were not as powerful. We today have developed an engine infinitely superior in power to

anything England or Germany have produced, but before we can install them in these planes we must have an adequate wind tunnel to properly test these engines, and there is not a wind tunnel on the American Continent at the present time capable of handling this test.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 10 additional minutes to the gentleman from Alabama.

Mr. RICH. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise, and on that motion I ask for tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. CANNON of Missouri and Mr. WIGGLESWORTH.

The Committee divided; and the tellers reported that there were—ayes 28, noes 82.

So the motion was rejected.

The CHAIRMAN. A quorum is present. The gentleman from Alabama will proceed.

Mr. STARNES of Alabama. Mr. Chairman, here is a clear case of self-seeking leadership where only four men are involved—that is the crux of the matter—and a small \$36,800 contract holding up an entire plane program for our fighting planes.

The second type of strike with which we are having to contend today, in the production of war matériel, is the organizational strike in which racketeers and self-seeking labor leaders are inducing men to strike in some instances where there is only a small minority in the plant belonging to a union forcing a strike and bringing a shut-down in the plant without first calling for a vote in some instances on whether or not there shall be a strike. In other words, a denial of the right of the majority to determine whether there shall be a strike in the plant for the purpose of closing down the plant; and inducing officials in the Office of Production Management to step into the picture with the indirect inference that the Government of the United States is behind the move to force unionism in the plant. They strike first and negotiate afterward if they have any grievances. While the strike is on, the plant is shut down and the recruiting campaign gets under way. That is your organizational strike. That has had the effect of producing blood clots in the industrial arterial system of this Nation and to slow down the production of essential and vital materials in this battle for democracy throughout the universe. The Lackawanna strike was a strike of that character and another is the International Harvester Co.

In the International Harvester Co. strike there were probably some 10,000 or 12,000 employees involved insofar as numbers are concerned, but not so many millions of dollars. That, however, does not tell the story. Many vital essential items are being manufactured in that plant that go into the making of tanks and tractors to tow our artillery and to provide motor transportation for the modernized mechanized army of ours. The management has called for a vote

and has appealed for a vote in order that the National Labor Relations Board may determine through the result of an election whether or not the majority of the people working in the plant want to join any union and to use that union as their bargaining agency.

I assert that it is un-American for a minority group in an industrial plant engaged in the production of material under a national-defense contract for the aid of the democracies and of our own country to shut down that plant in order to force the Government to step in and inferentially to force unionization upon men who may not want to join any union.

The fight with Ford is another instance that is looming up which will be nothing more nor less than an organizational strike. Ford pioneered in this country in raising wages and providing better working conditions for the men who work in his plants, and with shorter hours.

The third type of strike with which we are confronted at the present time is the sabotage strike, strikes which are inspired and led by known Communists working within the ranks of organized labor. The first instance we had of this was the Vultee strike. Even the Attorney General of the United States issued a very strong statement condemning this strike and characterized it as a Communist-led-and-inspired strike. There is an instance where agents of foreign governments who are unfriendly to the United States and to the democracies are using the labor movement and a strike to further their own subversive purposes by sabotaging our defense efforts.

Before an American boy can learn to fly a pursuit plane, a bombardment plane, or any type of tactical or fighting plane, he must first learn to fly in a training plane. The Vultee plant produced training planes. This strike had the effect of shutting down the plant and for a number of weeks stopped the production of basic training planes so vitally needed in our training program. It was a strike at a bottleneck, a key point, and it was a sabotage strike.

Another strike of this character is the Allis Chalmers strike. That there are only six or eight thousand employees involved, maybe not more than 10,000 at the most, and a relatively few millions of dollars when you compare it with the magnificent sum we are appropriating, it is immaterial, but what does it do? On Friday, down in Radford, Va., in the district of the distinguished chairman of the subcommittee handling this bill, the War Department dedicated the first industrial plant built under this program. The first unit of that plant is ready to operate ahead of schedule. Other units have been built insofar as building is concerned, and they are ready to operate, but they cannot until certain generators are furnished by the Allis-Chalmers Co. Powder is a most critical item insofar as ordnance is concerned. We cannot make shells for the Navy and shells for the Army, we cannot produce ammunition in the quantities desired for the doughboys of America or the Tommies of England unless and until our powder production is raised, and this one strike at Allis-Chalmers has had the

effect of slowing down for an incalculable period the production of powder for defense.

That is not all. Certain vital parts for our torpedo-boat destroyers are manufactured in that plant and I have it on the highest authority in governmental circles that the production of destroyers for the United States Navy has been slowed down for a period of 3 or 4 months already by virtue of this strike. The torpedo-boat destroyer is the most effective vessel that we have in combating the submarine menace.

Another strike which affects us is the Universal Cyclops Co. with only 1,100 men out, that held up delivery of a special type of steel and the failure to deliver this type of steel to the Stewart-Warner Co. is holding up approximately one-third of the Army's total fuze program.

Another example can be cited. That is the Combustion Engineering Co., with only 650 men on strike from February 21 to March 6. Yet that company with only 650 men in it manufactured all the nitric-acid equipment for all ordnance works presently under construction, except at Radford, Va. Yet some would have us believe that there has been no slowing down or appreciable slowing down of the defense production by reason of the strikes that have been called.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. STARNES of Alabama. Mr. Chairman, what is the answer? The call and the challenge of this hour is for national unity. The time has come when we must all sacrifice. Why should there be strikes led by self-seeking leadership in labor circles and by Communists in our defense production? There is no attack being made in the Congress or elsewhere against any of the basic, fundamental rights of labor to organize, bargain collectively, or to strike. No effort is being made to repeal any of the basic laws which we have enacted during the past 8 years to protect the legitimate aspirations of labor. No charge has been made here on the floor of the House or elsewhere that the working men and women of America are unpatriotic. To the contrary, we all pay tribute to the loyalty, the courage, the common sense, and the patriotism of the working men and women of America, whether in or out of the ranks of organized labor. But in this critical hour the right to work, the necessity to work, the necessity to keep the production lines moving and the factory wheels humming in order to become an arsenal for democracy is supreme to any right to strike on the part of any particular group.

With the Wagner Act, the Wages and Hours Act, the Walsh-Healey Act, all of which I voted for—and I offer no apology now for having done so—with the National Labor Relations Board, the present Supreme Court of the United States, and the present fine feeling on the part of the Congress and the people of America toward the legitimate aspirations of labor, it is absolutely unnecessary to indulge in either a jurisdictional strike, an organizational strike, or a sabotage strike where the security of our Nation is involved.

What do we need? In order to combat jurisdictional strikes, we need stronger labor leadership and legislation to outlaw them. To combat organizational strikes in the national-defense industry we need stronger and more intelligent labor leadership, and we need an even stronger attitude on the part of our great Commander in Chief. This Nation applauded him for the statement he made on Saturday night last, and it will applaud him for taking the lead and in setting in motion mediation machinery to settle labor disputes and reduce the number of strikes. But he will have to take a stronger stand in order to stop strikes in industries with national-defense contracts, thereby keeping production lines moving and factory wheels humming in order to make his and our America really and truly an arsenal for democracy. [Applause.] Labor will listen to his voice and follow his leadership. He has the power to lead us to industrial peace. Our people will be satisfied with nothing less at this critical hour. [Applause.]

Finally, with reference to strikes which have sabotage for their purposes, and which are led and inspired by alien agencies, the Congress, in my judgment, is ready to act to outlaw such strikes. I assert that a strike against the Government of the United States, a Communist-led or a foreign-inspired strike, or a strike that has for its purpose the sabotaging of our defense program and our national security, is nothing short of treason, and should be dealt with accordingly by the American Congress and the American people. [Applause.]

Finally, I recommend legislation which will provide:

First. A "cooling period" of 40 days before a strike or lock-out can become effective, in order that reason and public opinion may assert itself and compel a just settlement based upon mediation by management and labor.

Second. That no strike can be called until a majority of workers in the plant have registered their will to strike by a secret ballot under Government supervision. The public interest and the public welfare is paramount and must be allowed to assert its power and authority.

To date business has made no sacrifice. To date labor has made no sacrifice. The sacrifice made to date has been by young America answering the call to service. They met that call magnificently. We wondered what gay, lovable, young America would do when the call for duty came. They have answered that query of ours in a magnificent manner. I commend the fine spirit of the American youth at this hour I commend their example to industry and to labor. I commend it to the country at large. [Applause.] It is a challenge to all of us for devoted, self-sacrificing service for America and for democracy. If we are to remain a free sovereign people we will have to make that sacrifice. As I said in the beginning, this war will be won on the production lines and in the factories, but it can and will be lost with vacations with pay it can and will be lost with slow-down strikes it can and will be lost by sit-down strikes. We have only to look at the example of France to find what our fate will be, and the fate of freedom-

loving people everywhere, if we are not ready, willing, and able to sacrifice treasure, blood, and effort to preserve America as the torch bearer of liberty-loving people throughout this earth. [Applause.]

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Vermont [Mr. PLUMLEY].

SEVEN BILLION DOLLARS

Mr. PLUMLEY. Mr. Chairman, unlike Mark Twain, I cannot see a million years ahead but I know that \$7,000,000,000 is an awful lot of money. The sum is stupendous, yet the fact is it only represents the minimum needs of the hour. Measured by the standard of what it will cost us to save ourselves if we fight alone, we might as well face it.

Truly our safety and the success of the cause for which, and the course on which we have set ourselves will call for extraordinary sacrifice, and presently demand the courage and wisdom to go full steam ahead. There can be no turning back. We must furnish, and that quickly, adequate material aid to those nations whose defense is necessary to our defense, or forever submit to be branded as traitors to ourselves, to our homes, our institutions, our liberties, our way of life.

GIGANTIC PROGRAM

Admittedly the program is gigantic. It has to be in order to meet an issue, the greatest with which we have ever been confronted. We cannot stint nor falter. This is not a time for petty politics. Make no mistake. This is not a threat. It is the truth. Our lives are at stake. Not ours alone.

The estimates have been thoroughly and carefully prepared. The detailed statements accompanying them, which cannot be made public, convince me that the program is coordinated, correlated, and necessary now. Read the report.

OUR DEFENSES STRENGTHENED

The act of providing the material aid covered by the bill will not endanger our own defense. On the contrary, it will strengthen it. Read the hearings.

The bill contains 10 separate appropriations, each of which must be accounted for; the expenditures made audited by the General Accounting Office; and, furthermore, the Bureau of the Budget must maintain and make accessible such records with respect to the financing of the program, from time to time, as any committee of Congress may demand or desire to consult at any time.

In short, this bill provides only the necessary appropriations to carry into effect an act to promote the defense of the United States; no more and no less. Therefore, I shall vote for it. To do otherwise would be to stultify my conscience, repudiate my own carefully considered judgment, and invite disaster by delaying the program which, in my judgment, if carried out as proposed, is the only way to keep the war away from our shores and keep our boys out of Europe.

OBLIGATION AND DUTY

There is no question in my mind as to how I should vote on this bill. My obligation and duty are plain as I see them.

However, I propose to put the responsibility for carrying into effect the act to promote the defense of the United States right on to the shoulders of the Commander in Chief, and shall vote to appropriate such sums of money as I am convinced may be necessary therefor.

STOP TALKING

I say in all absence of partisan animosity that it is high time our Commander in Chief stopped talking and went to work to coordinate, control, and compel cooperation among the defense activities for which we are appropriating this staggering sum of money.

The people demand action and not talk. They want these strikes against the Government stopped. If the President cannot stop them, Congress will. They know that words are used as a camouflage to cover delinquencies so obvious as to startle us with respect to our domestic economy, which should be discussed, and would be, were it not for the fact that our very lives and the life of our country is threatened today by a foreign foe. We will talk about these things later.

LACK OF PREPAREDNESS

Sins of omission and commission are responsible for our lack of proper preparedness—the responsibility rests right on the doorstep of the White House, and cannot be avoided or evaded by all the words in Worcester's Unabridged Dictionary. Action is what we demand and have made possible—and that right speedily.

"A very great part of the mischiefs that vex this world arise from words," was said a long time ago. We have heard a lot of "weasel words" in the last 4 years. Now we are down to business and the responsibility for our success or failure in the venture we are undertaking rests on action and on the President. The shortest answer to the challenge will be found in doing. The die is cast—the American people will tolerate no longer any further resort to words, words, words. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include therein a part of the report.

The CHAIRMAN. The gentleman from Pennsylvania may obtain permission in the committee to revise and extend his own remarks, but permission to include additional material will have to be secured in the House.

Mr. SNYDER. Mr. Chairman, there is little to be said that has not been said in justification of this appropriation. The distinguished chairman of the subcommittee on deficiency appropriations, the gentleman from Virginia, and the able ranking minority member of the Appropriations Committee, the gentleman from New York [Mr. TABER], together with the acting chairman of the Appropriations Committee, the gentleman from Missouri [Mr. CANNON], have fully outlined the aims and objects of this appropriation. Therefore, I beg leave at this time as chairman of the appropriations subcommittee on Regular Army appropriations, to mention a few things

that I believe should be emphasized by everyone, and especially by the press and the radio.

To me, the very fact that 95 percent and more of the equipment that will be manufactured and produced under this \$7,000,000,000 will be applicable and usable for national defense in this country, in case the democracies across the sea should fail next week or next year, is the most commendable feature of the bill, and the press and the radio should tell to the American people the same. The mass of the people somehow or other have the impression that all this material is to go to aid Britain and will be of no avail in case our shores are threatened.

I do not like the expression "aid to Britain" as applied to this bill. I believe this \$7,000,000,000 is first of all aid to the defense of the United States and the Western Hemisphere. That is the foundation of this appropriation, and doubly so is it true, since we have been assured, as the earlier speakers have said, by Secretary of State Hull, by Secretary of War Stimson, by Secretary of the Navy Knox, and others on down the line, such as General Marshall, men in whom we have confidence—that 95 percent of this material can and will be used right off the bat for our own protection in case we are called upon to use it in an emergency to protect our shores, and that the other 5 percent of our existing facilities could readily be put in shape to turn out material for our own equipment.

Many of us recall a certain picture of Napoleon. I can recall it as I saw it when as a country school teacher. I see it on a right-hand page of a certain history book. It was a picture of Napoleon on June 18, 1815, riding out on a precipice on his white horse. His messengers had told him everything was ready for action except for one thing, but that happened to be the one biggest thing. General von Blücher had not arrived with his army. Napoleon, it is said, threw the reins on his horse's neck and admitted defeat before he started the battle at dawn that day.

Mr. Chairman, I believe this \$7,000,000,000 is the Gettysburg, as it were, of the conflict now raging in Europe. When this appropriation is made, it will stiffen the morale of the democracies over there and weaken the morale of the Axis Powers. Some of us think it will go down in history as the turning point in the world conflict over there in favor of the nations that believe in free speech, free press, and religious freedom. [Applause.] [Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, the fact that we are considering this \$7,000,000,000 bill with less than 100 Members on the floor of the House most of the afternoon shows with what lightness we take these large sums we are appropriating. The text of the President's speech on Saturday night at the White House correspondents' dinner was to the effect that we are now in the war. That was the sentiment expressed by many newspapers on that particular speech. When

the acting chairman of the Appropriations Committee some days ago made the statement that we are now in the war, when the chairman of the subcommittee this afternoon says that economic war has been declared, and when we hear Members of the House talking of the position this Nation is in, I tell you it is the most serious position we could possibly be in at a time like this. When most all the nations of the world are implicated in war in one way or another.

An editorial in this afternoon's Times-Herald reads in part as follows:

Soon after his third inauguration, he submitted H. R. 1776 to Congress—a bill giving him virtually the powers of a wartime dictator.

Of course, they referred to the President.

The editorial comments further:

The British Government is building up a case for a request for some kind of convoy service to be performed by United States Navy ships. We can't foresee that request being refused, if the British make it urgent enough.

When and if United States Navy vessels go into convoy service, we look for the United States to find itself actively in the war not long thereafter.

This crusade may take a lot of our young men to far places to fight, and a lot of them may not come back, unless in pine boxes. If the British ultimate war aim is to pulverize Germany this time, we think a bigger A. E. F. than last time will be necessary.

When I think of the appropriation of \$7,000,000,000 we are now making, I wonder what you Members of Congress are thinking about. Actual warfare. Do you want actual war? If you do not you certainly are fooling yourselves.

I want to say here again that I am for America first, last, and all the time, but it seems to me now that we have got ourselves into the position where, with a few more patriotic speeches, if you got the band out, and you waved the flag, this Congress would declare war in about 6 hours' time. I do not say this because I wish to cast any reflections on the Congress, but I see the trend of things. I see what is happening.

For 2 years the President of the United States and the Congress argued over the Neutrality Act, and it was stated that we were going to do everything to keep us out of war, and yet you get yourself in exactly that position and, certainly, it is not going to be unpatriotic for any Member of Congress who has any regard for our own country to think that it is anti-American to get up here and try to protest against the things we are doing here in the Congress. God forbid that anybody should challenge me as being unappreciative or state that I am not a good American. I want to be that 100 percent, but I want to say here that when we, as a Congress, place in the hands of the Chief Executive another \$7,000,000,000, then I think there is something wrong with the Congress.

The question has been asked me many times how much we have appropriated for war. That question has not been answered by either the chairman of the subcommittee or the ranking minority member, but the chairman of the subcommittee, this afternoon, said about

\$25,000,000,000 to \$30,000,000,000, a leeway of \$5,000,000,000. Why, it seems incredible that anybody here who is on the Appropriations Committee could not give you an estimate closer than \$5,000,000,000. It does not seem possible.

Let me show you just exactly what the situation is so far as our appropriations are concerned for the year which ends June 30 and also what we have appropriated and authorized for the fiscal year 1941, also the year ending the following June 30, 1942.

These figures were given by the chairman of the subcommittee in the Appropriations Committee last week:

For war, in 1941, \$6,482,802,777, with appropriations pending amounting to \$1,716,225,000, making a total of \$8,199,027,777.

For the Navy, the appropriations already made amount to \$3,194,059,027, and the amount now pending for the balance of the year amounts to \$300,841,820, which makes a grand total of \$11,693,928,624 for the Army and Navy, year ending June 30.

Now, what are the appropriations for 1942?

For War the appropriations amount to \$5,665,282,239, and for the Navy we have appropriated \$3,415,457,250, which makes a grand total of \$9,080,739,589 for the year ending June 30, 1942.

The grand total for the Army and Navy therefore is \$20,774,668,213 for 1941 and 1942.

Now, this bill carries \$7,000,000,000, and the minority member of the committee this afternoon said there would be a bill out within the next week, the fifth supplemental appropriation bill, for \$4,150,000,000 for our Army and Navy. This makes a grand total of \$31,924,668,213 for the Army and Navy.

Think of that. Last year and this year for the Army and the Navy alone, not including the other appropriations that have been passed recently for national defense are not included, \$31,924,668,213 for preparation for war.

Let me now call your attention to the amount that we spent for the World War for 1917, 1918, 1919, 1920, and until June 30, 1921. These figures were given to me by the clerk of the Appropriations Committee this last week. They amount to \$25,749,000,000. In other words, we have now appropriated for last year and this year \$6,250,000,000 more than we did for all of the World War, and you have not started off to actual warfare.

Now, I say to you once more, where are you going to get the money? I do not say that because I think it is smart. I do not say that because I wonder how we are going to tax the American people, because the Ways and Means Committee ought to bring in a bill that will smart this generation. There is no use of putting that off for future generations. We ought to do it lest we bankrupt this Nation. We should bring in a tax bill now for at least \$5,000,000,000 or \$6,000,000,000 additional taxes, so that this generation may sacrifice and may pay. I will wager that you will have an assessment tax soon if you do not.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield for a brief question?

Mr. RICH. Just for a question.

Mr. ROBSION of Kentucky. Does the gentleman seriously entertain the belief that this administration contemplates reducing the debt or paying anything on the debt or doing anything except increasing the debt year after year?

Mr. RICH. I have not any confidence in this administration at all, and if you go back and read the statements made by the administration you would not have any either. Let me call your attention to the following statement made by President Roosevelt in his acceptance speech July 22, 1932:

For 3 long years I have been going up and down this country preaching the Government costs too much. I shall not stop the preaching.

Has the President said much about that the past 3 years?

You know how he increased the cost of Government every minute since he has been in office. I call attention now to this statement made a few years later, on January 23, 1934, by the President of the United States, in his Budget speech:

Furthermore, the Government, during the balance of this calendar (1934) year, should plan to build its 1936 expenditures, including recovery and relief, within the revenue expected within the fiscal year 1936. We should plan to have a definitely balanced Budget for the third year of recovery and from that time on a continuing reduction of the national debt.

You know that he did not carry that out; you know that he did not try to do anything that would cut down on these expenses. You know that his promises have not been fulfilled. I call attention to another promise he made to substantiate what I say. On October 23, 1935, a year after the other one, he said:

Yes, we are on the way back—not by mere chance; not by a turn of the cycle. We are coming back more soundly than ever before because we planned it that way, and don't let anybody tell you differently.

You know that we did not come back; you know that he never could come back.

Mr. ROBSION of Kentucky. I agree with the gentleman fully. He never reduced the debt, and will never pay any part of it.

Mr. RICH. Right you are. But a majority of the people elected him President, and now they are going to find out what they have come to. He has created this war emergency more or less in a way to cover up his administration's past shortcomings. We now have a declaration of war without the firing of a gun. I don't know whether you are going to get out of firing a gun, because if we start these convoys to take over to England the munitions we are now manufacturing, the powder, and the dynamite, and the ships, and the airplanes to destroy the people in Europe, you know we are going to get Hitler, and if Hitler does what he said he would do, sink them, then we are in the war good and proper, and we will have to go across 3,000 miles to do what

Hitler cannot do, or has not been able to do, in crossing 31 miles into Britain. Then we are the biggest dumb fools that ever lived, if you permit this to go on. I say that not because I want to say that a Member of Congress is a fool, but I say that we do the things that fools would do.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. RICH. I cannot; not now. We are having a declaration of words by the President versus Hitler in these speeches that they are making. That does not lead us to get together to try to stop this crusade of seeing who is going to be the best qualified to kill the greatest number of people. This country has not used its good offices to try to settle the differences of the world. This country has not used its good offices in trying to settle these differences in a peaceful means, and with the destruction and the turmoil that is going on all over the world God forbid that we ever get into this thing any further.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. RICH. Mr. Chairman, I ask for 5 minutes.

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman an additional minute.

Mr. RICH. But I want 5 minutes more, I was promised it. Where is Mr. TABER? Mr. TABER, I ask for 5 minutes.

The CHAIRMAN. The time is under the control of the gentleman from Massachusetts.

Mr. RICH. Well, it is pretty bad when you have a \$7,000,000,000 bill up before Congress and with less than 100 Members on the floor cannot get time to debate the bill, it is a serious situation. I tell you it is pretty hard when we American citizens have not the opportunity to oppose things that are un-American, things that are not right and just. I tell you that we are getting into a tight spot whenever we permit things to go on here in this manner. I think it is wrong, and unjust, and un-American.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. RICH. I have only 1 minute and I will give it to the gentleman.

Mr. HOFFMAN. I wanted to know if Sydney Hillman is still one of the administration's chief advisers.

Mr. RICH. Yes, he is; and no wonder we have so many strikes and nothing is being done about it by the administration. Everybody on the majority side does the bidding and voting for the administration. Whenever the time comes when I am afraid not to do what the Chief Executive wants, even though he becomes a dictator, you can take me out against a brick wall and I will say that I will die for the red, white, and blue before I will permit a dictator in this country. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. LUDLOW. Mr. Chairman, I yield to the gentleman from California [Mr. KRAMER] such time as he may desire.

Mr. KRAMER. Mr. Chairman, supplementing my remarks delivered a few moments ago, to show my interest in this

flood situation, in the interest of national defense, I have just returned from the White House, where I laid before the President the exact situation with which we are confronted out there. He has referred it to the War Department.

Mr. WIGGLESWORTH. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, the gentleman from Pennsylvania [Mr. RICH] has asked his usual question: Where are you going to get the money?

I shall not attempt to answer that question other than to say that eventually it must come from taxes. If this legislation is to be of any value, we cannot make it dependent on a tax bill. Time is of the essence.

I voted against the lend-lease-give bill, and I have no apologies to make for that action. I did what I could legitimately to prevent the enactment of that bill, because I was opposed to the power granted to the President and because I was convinced that the bill led to war and not to peace.

The lend-lease-give law establishes a new foreign policy. The bill passed the House and the Senate by substantial majorities and is now the law of the land. The people, through their chosen Representatives in the Congress, have spoken. The verdict has been rendered. In the language of the gentleman from New York [Mr. TABER] the die has been cast.

Under this law the United States is today the official arsenal for the democracies of the world. The law provides all-out aid for those democracies. The President is authorized to determine if, when, where, and to what extent this aid shall be given. The members of the Committee on Appropriations tell us that the democracies—our allies in this venture—have filed requests with the President covering the aid immediately necessary if England is not to capitulate. The members of the committee in debate have told us that Mr. William Knudsen, Chairman of the Office of Production Management, as well as our own military and naval experts, have justified the amounts carried in this bill. We are told that in the confidential files of the committee is to be found an itemized list of the defense articles to be purchased in this country with this \$7,000,000,000. Therefore this is not a blank-check bill. Of course, I should like to know what that list contains. However, our military experts and our own committee assure us that such publicity at this time would not be in the best interest of our national defense. I, therefore, must trust these authorities.

In voting for this \$7,000,000,000 I am in no way endorsing the general principles of the lend-lease-give law. I realize, however, that this is a democracy. The majority must rule, even though it be momentarily. Right will in the end assert itself.

I am confident that a majority of the constituents whom I represent are opposed to our country getting into this World War. However, we are not voting on that question today. In effect, the lend-lease-give law puts us into the World War economically, morally, and

officially. It only remains for Hitler to decide if and when the shooting is to begin. Therefore, I am convinced that my patriotic duty requires that I vote for this bill, even though it implements a law I opposed. Regardless of what I may think personally about the policy involved, the law is clear and there is no choice so far as I am concerned. To refuse to make provision for carrying out the law is in effect to sabotage it. The machinery is already set up and functioning. To abandon it now would mean disaster. Again I repeat, the die has been cast. We have but one job, and that is to win.

Mr. WIGGLESWORTH. Mr. Chairman, I yield such time as he may desire to the gentleman from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. Chairman, we are hearing much loose talk these days about whether we are in the war or whether we are not in the war. General Hammond, of Chicago, recently said, "There is a hell of a lot of difference between where we are and being in an actual shooting war." It can accomplish no good purpose for careless speakers to state we are in the war when everybody in America knows that, as yet at least, this country has not taken the fatal step of actual involvement in warfare. In my opinion, there is no question but what this lend-lease bill has taken us further along the road to war and that it has brought us dangerously near the actual business of fighting and bleeding and dying. It is a mighty desperate gamble with fate, and America's actual entrance into war can now be negotiated by the President either by deliberate planning or by inept bungling. It is likewise true that by voting for the acceptance of H. R. 1776 this House and the Senate delegated to the President powers which are rightfully ours to determine policies and make decisions which keep America at peace or which plunge America into war. I think it was a most unfortunate decision and that Members who voted for this legislation may have many occasions to question their judgment and forethought in voting for such a complete capitulation of Congress. I am glad to be numbered among those who voted against the passage of H. R. 1776.

However, Mr. Chairman, the bill has become a law. It is now known as Public Law No. 11 of the Seventy-seventh Congress. I spoke and voted against this bill in our Committee on Foreign Affairs which was charged with handling the bill in the House. I was one of a committee of three who drafted the language and prepared the arguments contained in the House minority report opposing the passage of H. R. 1776. I was one of eight Members to sign this minority report by our committee. I voted and spoke against the passage of this legislation when it came to the floor of the House and I delivered several public addresses in various cities pointing out what I considered the vicious and dangerous features of H. R. 1776. I introduced in this House an alternative bill, H. R. 2790, to provide immediate aid to Britain and her associates in a manner which would conform with our American principles of government, protect our own national defenses, and keep us from

becoming involved in the war. This House defeated my alternative proposal, and has adopted H. R. 1776 as the law of the land. I doubt that any Member worked longer hours or tried harder to defeat H. R. 1776 than did I, Mr. Chairman, but now that it is law I will not be one of those who would quit the fight to preserve American peace by weakly surrendering with the craven cry, "We are in the war."

Mr. Chairman, unless the President basely deceived the American people when he labored so hard to have H. R. 1776 enacted into law, unless our majority leaders in the House and Senate, our chairmen of the Foreign Affairs Committees of the two Houses, and the Speaker of this House are all prevaricators of the first order this country is not in the war. True, the selfish interventionists who would have this country directly in the war for personal gain or private vengeance are glibly saying, "We are in the war," but their saying we are in or even their hoping that we get in, does not make America a belligerent in the war. Until our soldiers and sailors begin losing life and limb in the cruel crucible of war, America remains at peace. Our material strength flows out to our friends across the seas but neither the fervent hopes nor the silly statements of impetuous people saying "we are in the war" can destroy our peace or plunge us into the bloody business of mutual mass murder so long as 85 percent of our people remain, as they are, firmly opposed to war. Let us hold this administration and President Roosevelt to their promises to administer the lend-lease act so as to protect our peace and preserve our freedom. That was their pledge. Let us credit them with good faith until we have tangible reason to feel otherwise. Let us be on the alert to detect and denounce the first war-provoking act engaged in under this bill if, unhappily, such act develops. Let us freely criticize any tendency to risk the lives of millions of American boys by ruthless exercise of power under this act in a war-making direction. Let us not wait until the horse is stolen before we lock the stable door, but let us remain calm and clear in our judgment and logical in our statements and cooperate in the protection of our peace rather than conforming with the diabolic delusions of war makers, who would condition the public to war by repeating the phrase "we are in the war" until people cease to distinguish between where we are today and where we would be if millions of American young men were spitting blood and kicking the mud in mortal anguish on foreign battlefields.

Mr. Chairman, America will know we are in the war should this administration violate its solemn pledges and maneuver this country into war. Every home in America will know we are in the war should such an eventuality unhappily come to pass. The boys whose legs and arms and eyes and lungs and lives will be recklessly tossed on the altar of the god of Mars will know if we get into a war. Their mothers and their fathers will know then that war is something quite different from where we now find ourselves. We need not get into this war.

We can stay out. I plead with those of you who would have us stay out of the war not to give circulation to the fiction that we are already in. Let us all join in a determined drive to see to it that America does not take the fatal step from which there is no recall and from which millions of American men could never return. Let us unite in maintaining America at peace regardless of the temptations to join in actual warfare.

NOW IS THE TIME TO SACRIFICE MORE THAN TALK

Mr. Chairman, while I am on my feet there is something else I would like to say. Whether it be wise or wanton expenditure of funds, this \$7,000,000,000 appropriation will unquestionably pass this House tomorrow. Some who have advocated its passage the most strongly today have had much to say about the sacrifices America must make in these trying times. On Saturday night the President also called for sacrifices. Members, may I respectfully suggest that you inquire into the recesses of your own mind as to just what is meant by sacrifices in a time like this?

I submit to this House that simply spending \$7,000,000,000 which we do not have is not a sacrificial act of statesmanship. It is easy to vote funds. You all know the congressional gag of the fellow who advised a Congressman that the best policy to follow in seeking longevity in Congress is "to vote for all appropriation bills and against all tax measures." I sometimes wonder whether that bromide is not pretty well applicable to the entire Congress for the past 8 years. Money has been freely voted and recklessly spent, but we have dodged and deferred and delayed and ducked and detoured every time somebody suggested that an honest tax bill be devised to provide even the substantial portion of the funds which have been so freely spent. Today, we have come to the end of this pleasant dream. Cold realities stare us in the face. Seven billion dollars is a lot of money. We have beat our breasts and protested our willingness to sacrifice in order that other countries might have access to the arsenal we are about to build. Very well, let us be honest and sincere about all this. Let us not try to pay for these armaments with pennies stolen from the babies' bank. Let us not mortgage generations yet unborn to pay for this unique experiment in foreign affairs. Let us today resolve to insist that the House Ways and Means Committee bring in this year a tax bill which will raise in addition to its levies for our own Government expenses at least as much per year as we propose to lend, lease, or give per year to our friends across the seas. We prate much about our willingness to sacrifice; this time let us not do it synthetically. Let us insist that this Congress bring in and pass a tax bill which will prevent this vast expenditure for lend-lease activities from being added to the unpaid debts which have recently been heaped upon the backs of yet unborn Americans. Let us face the facts like men and make provision now to pay the costs of this new program.

Mr. Chairman, despite our best intentions and our wisest efforts, much of the

burden of necessary expenses for our own national defenses—approximately \$30,000,000,000 in the past 2 years and four more billion scheduled to be appropriated next week—must fall upon the backs of future generations. The credit of America is not unlimited. We have no sacred immunity from national bankruptcy, inflation, or repudiation. What has happened to other countries can happen to us if we forsake entirely the inexorable laws of economics. To flirt too long with fate is to be married to disaster. Many of these expenses are necessary and inescapable, and many of them must be paid for by borrowed money, but we are all agreed that this country must be made impregnable to military attack. However, it should not be too much to ask that the substantial portion of this added burden of seven billions for the next 2 years—and unless we proceed with care it may be many billions more than that—be financed by current taxes upon the incomes and expenditures of today's adult citizens. We can no longer win laurels by being generous with the money of the next generation. The time has come to tax ourselves and to meet our own obligations with the sacrifices from our own incomes. I therefore challenge the Ways and Means Committee of the House to bring in a tax bill this year which will provide for these aid-to-Britain costs in addition to the other revenues necessary to support our own Government and pay a fair portion of our own national defenses.

Mr. Chairman, I submit that Congress should be courageous enough to levy such taxes, and Americans should be patriotic enough to insist that Congress take such action. Such taxes should give each and all an opportunity to contribute to the national program. Increased taxes on amusements, liquors, tobaccos, and luxuries will give even those with the lowest incomes a chance to help finance this effort; some type of tax adjusted to the ability to pay which reaches to the wage earners on defense industries and to all producers could raise some needed funds, give these patriotic citizens the opportunity of doing their bit for the Government and still leave them highly favored by comparison with the million young Americans who are now giving their all-out defense effort to the Government at \$30 per month. All income taxes must be raised. Perhaps a special rider of from 25 to 50 percent increase in the net tax paid should be provided to finance the lend-lease program, as it will take much more than this, even, to reimburse the Treasury in 2 years for what it will cost in that same period of time. Perhaps America, like Britain, will have to take 100 percent of the income of the highly favored for a while; perhaps those with incomes of \$100,000 annually or more will have to have an all-out tax applied for a time to the remainder of their income to finance the all-out effort which the country has now adopted. Increased inheritance taxes may help finance this program. Severe as these measures may seem and undesirable as they may be, all this is better than bankruptcy or repudiation or the more likely and probable eventuality of fascism and Government ownership in America.

America's real patriotism is about to be tested. The sincerity of us all as we talk of our desire to extend aid to those fighting aggression any place in the world will soon be analyzed. Whose sacrifices do we mean? Our own? Or those of others coming after us? Mr. Chairman, I believe the members of this House want to have a part in making these sacrifices, and I believe that Americans, generally, join them in this desire. We Members of the House have an obligation to protect the financial line of defense for America as well as the military line of defense. This means that those with large incomes may have to sacrifice all above a certain maximum for a while and those of us with less will have to shoulder bigger income-tax burdens. It means that none can be tax exempt and none can be tax free. The axiom of ability to pay must always govern our tax legislation, but our expenses are large enough to give need to taxes which will touch us all. As we talk of spending another \$7,000,000,000 today and tomorrow and as we discuss another four billion of expenditures next week, let us think of income as well as outgo. Let us resolve, here and now, to quit dodging America's No. 1 economic problem: the necessity of maintaining our national solvency.

The Ways and Means Committee of the House, in my opinion, has too long delayed beginning a solution to this problem. I hope that in this session of Congress a determined effort may be started in the sad and sorry job of paying back the fiddler for the fantastic tunes which he has played to our order. And included in this program of payments should be taxes enough to pay back the substantial part of this \$7,000,000,000 in the time which is scheduled for sending its products abroad. Thus our own national debt will not be increased by the burdens we assume for other nations, but we shall at least meet that portion of our defense effort with our own sacrifices while we reluctantly but unavoidably watch our national debt increase and our solvency weakened by the necessary expenditures needed for our own national defense. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. KIRWAN].

Mr. KIRWAN. Mr. Chairman, I want to take this time this afternoon to try to call the attention of the committee to an unfavorable condition that exists in my district, in the hope that some effort will be made to correct it.

There are 65,000 men employed in the steel plants in the Youngstown district. It is very vital to national defense. Eight hundred million gallons of water per day are required to furnish water for those steel mills. The flow of that river in the summertime is 50,000,000 gallons. That water is used 16 times in the steel plants between Warren and the city of Youngstown.

Now, let us look at the national-defense program. Last year the steel industry operated at 62 percent in that district, and the valley ran out of water. Now we are operating at 100 percent. What do you think is going to happen this summer? In that district 50 percent of all the electric cable that goes into

airplanes, that goes into steamships and automobiles is manufactured. Yet all over this country we are putting up huge airplane factories and spending huge sums of money and no effort is made to see that water is provided for that industry.

When that water leaves Warren and goes on down to Youngstown the temperature of that water is 120° F. in the summertime. That water is then taken into the steel plant. There are 40,000,000 gallons of untreated sewage dumped into the river every day. That is taken into the plant and run over the hot rolls and the hot steel. I am telling you 6 months in advance. When they ask for gas masks this summer to work in the steel plants, do not be hollering about labor if something comes up to curtail the production of steel. That is the condition you have in that valley.

There are three little dams on that river, and 40,000,000 gallons of untreated sewage lodges in the dams. That is taken into the steel plants, but there is not a gallon of water that is not used. The city of Warren drinks that water. Last year they had to ask the caretaker of the only supply to release 50,000 gallons to help purify the water and run the power plant.

All it takes to correct that situation is about \$8,000,000. I say we had better get busy and try to correct it, because if we do not, with 65,000 men employed in the most essential thing that goes into the making of steel for national defense, we are going to be out of luck this summer.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. KIRWAN. I yield.

Mr. BENDER. Has the gentleman introduced a bill to provide for this?

Mr. KIRWAN. No; I have not. The Flood Control Committee had recommended building a dam years ago. The Committee on Rivers and Harbors had recommended the building of a dam. It is no new thing. In 1930 the State of Ohio told the steel plants to fill the river with chemicals. The water had got down to 20,000,000 gallons a day. Last Monday the Legislature of the State of Ohio passed, by unanimous vote, a bill empowering the sheriff of that county to hire all the deputies needed to put around the only dam. I again call the attention of this House to what is needed out there for national defense, and if they do not take action the supply will be greatly curtailed next fall.

Mr. BENDER. Is there anything we can do at this time to rush that?

Mr. KIRWAN. Some recommendation should be made in the spending of this \$7,000,000,000. I see the heading of the bill says that the \$7,000,000,000 is to be spent for any country that the President deems vital to the national-defense program. I think they should spend \$8,000,000 in this Youngstown district, because if we fall down in the producing of that steel—they produce eight or nine million tons of pig iron a year; 10,000,000 tons of steel ingots and 13,000,000 tons of rolled steel. One little dam is all that is needed for that whole district. That is where your national defense is necessary.

Mr. WASIELEWSKI. Will the gentleman yield?

Mr. KIRWAN. I yield.

Mr. WASIELEWSKI. Do you think it is necessary for some arrangement to be made to treat the sewage in that district?

Mr. KIRWAN. It is not only a question of sewage disposal, but the plants cannot even run if the Lord does not come to our protection with plenty of rain.

Mr. WASIELEWSKI. Cannot the city of Youngstown take care of its own sewage disposal as other cities in other localities have to take care of theirs? Certainly the steel plant was there long before the national emergency came about and they certainly could have taken care of the water situation before this without having it added to the cost of national defense.

Mr. KIRWAN. I am not talking about sewage, I am only calling attention to what is going to happen this summer. In 1919 one plant in the city of Youngstown paid more taxes than two States. The town itself paid more taxes than six States, and the Federal Government has not spent a penny in that city for the improvement of the river.

The city of Youngstown built a dam such as the gentleman is talking about when the Government was building them for different parts of the Nation. Youngstown built her own. Youngstown has her own drinking supply of water. Warren has no drinking water except what she gets out of the river.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. KIRWAN. I yield.

Mr. CRAWFORD. If I understood the gentleman's presentation correctly, I think he is making a very important contribution to the debate here because, after all, this defense program depends upon the ability of these various facilities to function, and if some situation develops which shuts down the steel mills in Youngstown the defense program is interfered with accordingly. I congratulate the gentleman on making this approach to the problem because the burden now is upon industry to produce the goods.

I think we have a situation in the Philippine Islands that we should recognize. We have large interests over there but we have not built any cantonments to take care of our men if we had to send them over there. There has been no discussion here of several other weak spots, and there are plenty of weak spots over the country.

Mr. KIRWAN. I thank the gentleman. I am only calling attention to a need in connection with the most vital part of our national defense—steel.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. KIRWAN. I yield.

Mr. JENKINS of Ohio. What has the gentleman done previous to this time? Suppose those in charge of the bill should reject this as not an appropriate item on a bill like this? What has the gentleman done up to now in trying to get this situation corrected?

Mr. KIRWAN. For 31 years now, 31 years, the city of Youngstown has sent representatives to Washington and has tried to point out to officials in Washington what is needed. For 31 years,

every year they have been represented before different committees of the Congress and departments of the Government.

Mr. JENKINS of Ohio. Let me ask the gentleman this question: In the conduct of a big steel mill a terrific amount of water is used?

Mr. KIRWAN. The gentleman is correct.

Mr. JENKINS of Ohio. I know, for instance, of a steel mill located in a town of 60,000 where the steel mill uses more water than all the rest of the town put together. This being the case in ordinary times, what will the situation be like when these steel mills are operating under pressure? Will that make any change in the water situation?

Mr. KIRWAN. Yes; it certainly will when they operate under pressure. As I said a moment ago, last year the steel plants operated to only 62 percent of capacity and they ran out of water. What is going to happen this year when they are going 100 percent? The United States Government is building a powder plant, a munitions plant, on the headwaters of this little stream, at a cost of \$22,000,000. What is going to happen this summer with this additional drain on the water supply?

Mr. JENKINS of Ohio. Where is the powder plant located?

Mr. KIRWAN. At Ravenna, on the headwaters of the Mahoney River.

Mr. JENKINS of Ohio. I understood the reason they located it at Ravenna was because they could get water from the lake.

Mr. KIRWAN. I thought they were going to get it from wells; but all this stuff will be dumped into this water.

Mr. JENKINS of Ohio. Those who were responsible for locating the plant at Ravenna used as their great argument the proposition that they were going to have some contact with the lake.

Mr. KIRWAN. That may be; but so far as I understood the situation, they were going to depend upon wells. There is no lake around there.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 3 additional minutes to the gentleman from Ohio.

Mr. JENKINS of Ohio. How far is it from Ravenna to the lake?

Mr. KIRWAN. Probably 10 miles.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. KIRWAN. I yield.

Mr. SNYDER. The gentleman states that this matter has been brought before different committees for 31 years?

Mr. KIRWAN. Yes. Both the Committee on Rivers and Harbors and the Committee on Flood Control have recommended the building of four dams there.

Mr. SNYDER. Who recommended it?

Mr. KIRWAN. The gentleman from Mississippi [Mr. WHITTINGTON] recommended it to the Congress.

Mr. SNYDER. Was it in any appropriation bill that came up?

Mr. KIRWAN. No.

Mr. SNYDER. I was thinking that I did not recall of anybody from Youngstown coming before my committee in the last several years asking for any money.

Mr. KIRWAN. They have not gone before any Subcommittee on Appropriations.

Mr. HAINES. Mr. Chairman, will the gentleman yield?

Mr. KIRWAN. I yield.

Mr. HAINES. As I understand the gentleman, he argues that the providing of water is part of our national defense in this instance?

Mr. KIRWAN. Yes.

Mr. HAINES. Could not the gentleman go to the Office of Production Management and point this out to them?

Mr. KIRWAN. I am taking it up to-day, just calling it to the attention of the Congress so that, as I say, in maybe 5 months, if the Lord is not as good to us this summer as He has been in some summers past, we shall not be blamed for what happens.

Mr. HAINES. I want to compliment the gentleman on bringing this to the attention of Congress.

Mr. KIRWAN. With this plant now operating 100 percent, and the demand for water being so great, unless something unusual happens in the course of the next 6 months they will be forced to curtail production. Six months from now I do not want blame laid on us when men demand more water for better work conditions.

Mr. BENDER. I want to commend the gentleman for calling the attention of the Members of the House to this important matter. Is this a part of the rivers and harbors bill now before the committee?

Mr. KIRWAN. No. The building of the dam has been recommended by the Rivers and Harbors Committee.

Mr. HAINES. Has the gentleman any estimate as to how long it will take to provide a dam?

Mr. KIRWAN. At the rate they are building other things, probably 4 months, but we do not know how long this war is going to last, so they had better start in now.

Mr. CRAWFORD. It is very difficult for one who has not operated a mill which involves a flow sheet, a stepping up in the quantity of water as production increases, to comprehend just exactly what the gentleman means. I think the gentleman should press this legislation by reason of the fact that his whole valley, as I understand his statement, depends upon the water supply. Mr. Knudsen has requested a 60-percent step-up in production.

Mr. KIRWAN. It is not the valley. It is the Government that is depending on that valley.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts [Mr. TINKHAM.]

Mr. TINKHAM. Mr. Chairman, recently the House passed a bill which created an American dictator, and in that bill gave the dictator power to make aggressive war in any part of the world he might desire.

It gave him the right to support and to aid with military materials and supplies any country he might choose.

The passage of this bill makes unnecessary a declaration of war by the

Congress, as provided in the Constitution.

This power of the American dictator to make aggressive war differs in nowise from the power of the dictators of Russia, Germany, and Italy to make aggressive war. In none of these countries need the people or the parliamentary body be consulted on this most vital issue.

To obtain the enactment of this legislation, its proponents resorted to deceptive representations. It was alleged, first, that the legislation meant peace for the United States, not war; and, second, that American manpower would not be required to carry out its purposes.

The purposes of the legislation make war for the United States inevitable. As recently as last Saturday night the President stated that the authority granted him by the legislation would be used more and more "until total victory has been won." This means active participation by the United States and the use of American manpower in war, because neither Great Britain nor her allies have sufficient manpower to win a complete military victory.

The proposed appropriation of \$7,000,000,000 now before the House is largely for the sanguinary and ruinous purpose to engage in war and to implement dictatorship. I am wholly opposed to this appropriation.

We are responsible for the peace, prosperity, and order of the United States, not for the peace, prosperity, and order of the world. The peace, prosperity, and order of the United States cannot be preserved by our attempting to reform the whole world by force and endeavoring to impose our form of government everywhere in the world by fire and sword. This is to bring poverty, chaos, and, ultimately, revolution to the United States. It means utter disaster for the American Republic.

Let it not be proved to be true that, as has been alleged, most of the American people are becoming very sheepish in face of the increasingly aggressive trend of government and if they are fed and amused by their political gangs, they are willing to be sheared and even occasionally slaughtered. [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. MARCANTONIO. Will the gentleman yield before he starts?

Mr. KNUTSON. I yield to the gentleman from New York.

Mr. MARCANTONIO. I would like to point out that, as nearly as can possibly be estimated, the rulers of England contributed to the building up of Hitler to the tune of about \$7,000,000,000 in the hope that Hitler would move eastward. Now that Hitler is not moving eastward we are returning that \$7,000,000,000 that England used to build up Mr. Hitler.

Mr. KNUTSON. I think that is a reasonable statement, and one that can be borne out by the facts. Hitler has been built up by a number of groups and races. He is a creation and the result of the treaty entered into at the end of the last World War.

Mr. Chairman, as I see it, the function of the minority in a democracy is to keep the majority from running hog wild in

spending and in all sorts of foolish experiments. Of course, it would be too much to expect or hope that we could successfully pipe down the majority to confines that represent sanity. I saw them in action during the last World War. Then, too, we had the same waving of the flag and the same beating of the tom-toms. Then, too, we were urged to blindly follow the leader, who was always referred to as that great American, that great President. Like this President, he also went into a campaign based on peace. In 1916 we were assured that this country would be kept out of the war; yet, as I recall, and as you also do, we were taken into the great World War within 5 months after election.

Mr. HOFFMAN. Will the gentleman yield?

Mr. KNUTSON. Briefly.

Mr. HOFFMAN. The gentleman did not cast his vote for war then, did he?

Mr. KNUTSON. No.

Mr. HOFFMAN. And he is still here.

Mr. KNUTSON. Mr. Chairman, I do not believe the minority should abdicate its functions. The minority has abdicated in Germany, Italy, and Russia, but that is no reason why we should surrender the responsibilities that have been placed in our hands by the electorate.

It is hard for us to secure accurate figures as to just how much the Congress has authorized and appropriated for preparedness during the past year. I asked the Chairman of the Subcommittee on Appropriations about it this morning, and he estimated offhand it was between twenty-five and thirty thousand million dollars. In other words, he could not or he did not tell me definitely within five thousand million dollars. Of course, in these days of spending the hard-earned money of the people, five thousand million dollars may not seem a very great sum. I think it is a big sum to those who have to create the wealth of a country.

Personally, I do not believe it is necessary to vote such a gigantic sum as seven thousand million dollars at this time. Congress is going to be in session continuously from now on, more or less, perhaps, in a rubber-stamp capacity, but nevertheless, we will be in session. Why not make this four or five thousand million dollars, and then later on, if more money is needed, we can increase the amount. We all know that this administration will spend all that we give them, therefore, I believe the minority should offer an amendment to reduce the amount by two or three thousand million dollars.

Mr. Chairman, this money is primarily for the British, China, and Greece. Next week we are told a little modest appropriation bill, carrying only four thousand million dollars, will be brought in here for the defense of the American people. That will make eleven thousand million dollars in 2 weeks. Only the other day we passed an appropriation bill after 2 hours of debate that carried, as I recall, three thousand million dollars, or \$1,500,000,000 per hour.

Much has been said about British securities in Canada and in Latin America that will be turned over to us. It is my understanding that they aggregate \$3,500,000,000. We should have something in return for these gigantic sums.

Why do we not ask the British to turn over their rubber monopoly, their tin monopoly, their chromium monopoly, and their vast oil holdings in the Orient? I do not believe that the Congress is being true to the American people when it votes to beggar our own folks in order to help someone else.

Mr. Chairman, I am not one of those who believes that England is our first line of defense, because I refuse to hold my countrymen in such low esteem as to believe that our freedom and independence, yes, our security, depends upon a foreign country. If that be true, then we have indeed fallen on evil times.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. Does not the gentleman think there has been a certain protection from the British Empire and that it is to our interest to keep that protection in the various consuls throughout the world? I am told that British consulates and their diplomats in foreign countries were doing most of the contact work for the American diplomats.

Mr. KNUTSON. That is only a part of the propaganda we have been fed with during the past few years. To hear some of the propagandists talk, to read the writings of some of the columnists, or to hear some of the radio commenators, one would believe that had it not been for Britain, America could not have endured. I refuse to believe that.

Mr. HOFFMAN. Dorothy Thompson, for instance.

Mr. KNUTSON. Well, Dorothy is not an impartial witness.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield for a brief observation?

Mr. KNUTSON. Yes; briefly.

Mr. ROBSION of Kentucky. There is a provision in this bill about ships. Lloyd's reports in the paper today that when this war started England had 21,000,000 tons of shipping, and since then has acquired from Norway and other countries 12,000,000 tons of shipping. She has lost 4,000,000 tons but has acquired 12,000,000 tons, so she has 8,000,000 more tons of shipping today, according to the great firm of Lloyd's, than she had in the beginning; yet we are voting money here to provide her with ships.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield 4 additional minutes to the gentleman from Minnesota.

Mr. KNUTSON. There is no question about that.

Then they say we must get every possible plane to England at the earliest possible moment. Our Department of Commerce is authority for the statement that English salesmen are soliciting orders for airplanes in South America and that at the same time they are expanding their commercial airways. The two simply do not add up.

Many people contend that we are in the war now. I hope that is not true. If I thought we were in war now I would go along as a matter of course, as I did in the other war, which I voted against; but I have it on my conscience that I

voted for every war measure that was deemed necessary after we went into that great and tragic conflict. I shall do so again, once we are in the war, which God forbid. It may be that we are going to get into it within the next 60 or 90 days. I think we are. Of course, the party in power wants to have a respectable period between election day and that tragic event. But until we are positively in the war with both feet, we have a right to review all appropriation bills that come in here and apply to them all reasonable rules of examination. Until we are in the war we of the minority, as well as those of the majority who do not believe we should beggar the American people, that we should not bring them to the point where they will be crushed with taxation, have a duty, a sworn duty, to do everything in our power to protect America first. [Applause.] That is our first concern. In protecting America we are protecting all other democracies.

To those who look under the bed every night before they retire to see that Hitler is not there, let me give the assurance that there is no danger to this country so long as we keep up our own defenses. [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, I should like to say at the outset that I share the feeling of some gentlemen who have spoken to the effect that it is a great shame that the House Chamber is not crowded to capacity this afternoon as we consider this measure to appropriate so tremendous a sum of money.

As one who will vote for this bill, may I say that I believe there will be some very good Americans who will vote against it, and I regret any implication that may have been made against them. I hope we can consider all these matters carefully and from every side.

As I see it, America has embarked on a new policy. There was a time when it was possible for us to choose between two alternate policies, one generally spoken of as a policy of isolation, the other a policy of attempting to influence world events in the way we thought they ought to go. There can be no longer any question of a doubt that we have adopted the second policy.

In the passage of the lease-lend bill and the passage of the bill we have before us today we have what amounts to a positive indication on the part of the United States that instead of simply waiting for something to happen the United States now proposes positively to seek to promote and bolster the cause we believe to be just. I am not prepared to say, nor do I say today, that we are going to war about it. It seems to me that what we are saying is that where other peoples have been compelled to go to war in order to resist the tide of a philosophy of government which places its reliance upon sheer might, then under those circumstances we propose to support them as much as we can, and to do it even at the risk of danger. There is no doubt there is danger in this policy, but it is my considered judgment that there is probably less phys-

ical danger and, I would say, a good deal less psychological danger in adopting this policy than there is in doing nothing. By "psychological danger" I mean the danger of confusion of mind of our own people.

I do not believe, however, that it is necessary for the Congress to pass legislation without the fullest kind of consideration. That is the reason I asked the question I did of the chairman of the subcommittee earlier this afternoon. It seems to me that it is important, even though we do the thing which I think is important and necessary, namely, to make a great demonstration of our determination to carry this policy through vigorously, that we do so with the utmost care. I believe it is up to the Congress to be certain that every item is amply justified and to know where and how the money is to be spent.

Indeed, it seems to me—and I hope I am not too far at variance with my colleagues in making this suggestion—that we might well retrace a certain step we took awhile ago and restore the requirement that on manufactured goods there must be competitive bids. I will grant that in constructing cantonments and other things like that, where it is necessary for plans and specifications to be brought in in detail, probably a good case can be made by the War and Navy Departments against competitive bids. However, on manufactured commodities, it seems to me we might go back to that system. I think the program would be a good deal better off if we did, and the distribution of some of these orders might be better. The smaller business people who simply cannot afford to keep representatives in Washington would at least have a chance.

I had hoped to comment on a good many things that have been said today, and I will do so very briefly. I believe it is important in connection with the consideration of strikes to remember that strikes are caused from two sources, sometimes from the labor side and sometimes from the management side, and that the beginning of a method to remove them is the making of agreements between employer and employee. Until you have that agreement you have nothing to build on.

Mr. BEITER. Mr. Chairman, will the gentleman yield at that point?

Mr. VOORHIS of California. I yield to the gentleman from New York.

Mr. BEITER. When the gentleman from Alabama had the floor a few moments ago he pointed out the different types of strikes and mentioned the Bethlehem strike. In that particular case the company officials agreed to meet with the union officials and then when they found out who the members of the union officials were they refused to yield because a certain individual on that committee was obnoxious to them, as they said.

Mr. VOORHIS of California. I would also like to point out in connection with that same difficulty that not only Mr. Hillman, but Mr. Knudsen, recommended as a basis for settlement almost the precise demands that the union had made. So there are two sides to this question, and although we will all join together

and agree that strikes have got to be avoided, it is important for us to consider carefully doing it in the right and proper and fair way.

It was mentioned by one speaker this afternoon that Hitler was caused by the Versailles Treaty. I think that is an oversimplification of the case. I think he was also caused by the confusion and bewilderment and consternation of a people who found that their economic problem was not being solved, and that is one reason why I and some other Members of the Congress continually get up here and appeal for constructive thought and action on those economic problems in the United States today. It is to that point I want to turn my attention in the balance of this speech. I would like to say, however, before I do so, that in the near future I hope to have time to make a little talk on the question of what America's aims are in this great effort, because it seems to me that upon our proper definition of what those aims are is going to depend the question of whether we actually are forced into war or not.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question on that point?

Mr. VOORHIS of California. Yes.

Mr. CRAWFORD. Does the gentleman believe that we have now placed ourselves in a position where England will expect us to state the aims and England will rely upon such aims as we do state and that Latin America will expect the United States of America to state the aims and they will go along with whatever aims we may state?

Mr. VOORHIS of California. I think the British are in a position where they cannot possibly do otherwise; in other words, I do not think there is any use of our crying out about Britain stating her war aims. I think we should state what our aims are in connection with this great program, and I hope we are going to give some thought to that matter.

ORTHODOX FINANCE CANNOT DO THE JOB

Now, strangely enough, as a Member who has repeatedly got on this floor and offered amendments when we had bills for the employment of unemployed people to increase the amount and whose amendments have been pretty consistently defeated, I get up here today to discuss the question as to the financial implementing of this program, because I think it is something we have got to think about for the sake of the future of our Nation and of every other democracy in the world.

One of these times the day is going to come when this great international crisis is going to be passed and when it is going to be necessary for an orderly process of adjustment to peacetime conditions to take place, and I want to lay on the line the thought that the present so-called orthodox financial methods and maneuvers are not going to answer the question that is going to be laid in the lap of the Nation by the appropriations that we are now making and for which I myself feel it necessary to vote. No, sir, you have got to reach deeper than that. You have got to think deeper than that. You have got to find a way to do this one simple thing. The one thing that is con-

structive, more constructive than anything else in the present picture is that we are inducing a perfectly tremendous increase in the output of goods in the United States. There were those who said it could not be done a few years ago when we proposed to do it by means of employing unemployed people on public works and similar methods, but now you actually see it done because of the gigantic billions being currently spent. Unless you learn how to capitalize or how to monetize for the sake of a nation the increase in that nation's capacity to produce wealth, you cannot answer the financial problem, and if you propose to rely upon present financial methods you will get an inflation to wipe out the debt just as sure as the world.

THE 12 CENTRAL FEDERAL RESERVE BANKS SHOULD AND MUST BE MADE PUBLIC PROPERTY

It is on this point I want to speak, and I have some figures which I will give. First, I would ask you to remember that the 12 Federal Reserve banks at present exercise the power to create the money of the United States. They are private institutions chartered by the Congress and given that power.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. VOORHIS of California. The paid-in capital stock of those 12 central banks, paid in by the member banks, is only \$139,000,000; and let me give you a picture of the superstructure that is built on top of that, and let me ask you to remember as I picture that superstructure that the reason it has been built is primarily because the power of the original creation of the national credit vests in these 12 central banks.

At the present time the major assets listed in the report of the present condition of the Federal Reserve banks are as follows: Cash, \$329,789,000; gold certificates, \$20,030,279,000; United States Government securities, \$2,184,000,100; making a total of \$22,544,168,000. That represents substantially the activities of those banks in creating money and credit in the United States.

Contrast now with that great figure the small size of their banking business. Here we find bills discounted, \$2,244,000; industrial advances, \$7,715,000, or a total of \$9,959,000.

Against the assets are member-bank reserves of \$14,136,067,000 and all other deposits of \$2,162,988,000, or a total of deposits and reserves of \$16,299,055,000, plus Federal Reserve notes issued and outstanding amounting to \$6,039,650,000, which, by the way, are backed by well over 100 percent in gold at present. All this is built on a paid-in capital of \$139,629,000 in these banks of issue, which possess, incidentally, an accumulated surplus of \$183,750,000—considerably more than the amount of the paid-in in capital stock. There is a required reserve against the Federal Reserve notes of 40 percent of \$3,000,000,000, or \$2,400,000,000, so that there is a margin of \$3,600,000,000 of what might be termed excess reserves in gold against the Federal Reserve notes. As to member-bank reserves, instead of covering them completely with gold certificates, there is no reason these certifi-

cates should not be replaced with notes backed by a 40 percent gold reserve; and if that were done you would have \$8,400,000,000 excess gold reserves in this item. Assuming for the sake of simplicity that other deposits be given complete gold coverage, you would still have, after all the reserve requirements that reason might require had been met, something in excess of \$12,000,000,000 of gold now idle in the Kentucky hills, upon which, on the basis of a 40 percent reserve, some \$30,000,000,000 of interest-free national money or credit could be based. Of course, I do not for one moment believe gold is of any real importance to the soundness of a nation's money or credit. But I give these figures to indicate one possible answer to a large portion of our debt problem if only we would take \$138,000,000 and purchase the capital stock of these 12 central banks.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. Yes.

Mr. STEFAN. Did I understand the gentleman to say that, in his opinion, these Federal Reserve banks are privately owned?

Mr. VOORHIS of California. Yes.

Mr. STEFAN. United States Treasury officials do not so construe it.

Mr. VOORHIS of California. Oh, yes; I beg the gentleman's pardon. I can show the gentleman testimony of the Secretary of the Treasury where he argues that point at great length. There is no question about it. I can read the gentleman releases from the Federal Reserve Board and their experts where they say that the United States has not one penny of equity in the central banks. All of the stock is owned by the member banks.

Now the earning assets of these 12 Federal Reserve banks consist 99.55 percent of the securities of the United States Government and the American people. These securities have been bought by the Federal Reserve banks with credit on their books—with the credit of the American people. If this is the only business they are doing, then we have an added reason why these central banks exercising the power to create credit of the United States ought to belong to the people of the United States. I leave that with you because I say today, as I have said many times before, this step is the one which will open the way to an answer to the financial problem of these trying times—and that answer must be found. No nation can be strong or free unless that nation is free to expand its national medium of exchange without increase in debt in accordance with the increase of its production. Along that road is the answer to your problem.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. VOORHIS of California. Mr. Chairman, I ask the gentleman for 1 minute more.

Mr. LUDLOW. Mr. Chairman, I yield 1 minute more to the gentleman from California.

Mr. VOORHIS of California. Mr. Chairman, the point I stress is that there has got to be an American promise out of all these efforts that our people are called upon to make, and part of that

promise must be that we will refuse to see a so-called surplus side by side with hunger, and part of it must be that there shall be no unemployment and no idle men, and part of it must be that we shall refuse to see our Nation paying tribute to have its own credit created by private agencies, and that there shall be asserted the right of Congress to create the Nation's credit, and utilize that credit in the public welfare. These promises are part and parcel of the defense program and as we pass this \$7,000,000,000 bill today, in order to demonstrate that we of America will protect democracy, let us resolve that that promise shall be the American principle of freedom of opportunity for all. For in such an American promise of a better, fairer, more truly democratic new world, and there alone, lies the ultimate and effective challenge to every dictator in the world.

Mr. DITTER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I came across a little couplet a little while ago in one of Emerson's sermons when he was a young preacher, in which he uses as a text the statement that was made by the Man of Galilee to Martha when he was being entertained in the home of Mary and Martha. He begins by saying, "Martha, thou art careful of many things."

The point is that she was so given to inessentials and trifles that she did not always see the big things. I confess the necessity and difficulty of seeing more clearly in the large from time to time as I get ready to record my vote upon this momentous bill.

The bill before us this afternoon is infinitely more important than the lease-lend bill, make no mistake about that. That bill would amount to no more than any other measure unless it is first implemented by funds. It would mean exactly nothing unless funds were provided. So I share with the gentleman from California today the same keen and poignant regret that this Chamber is not filled, as we wrestle with the problem of appropriating \$7,000,000,000 to articulate the provisions of the lease-lend bill.

One of the interesting things about that bill is that it was passed on the 11th. It is Public Law No. 11 and chapter 11 of the Seventy-seventh Congress. I hope that number 11 will be just as prophetic as the number 11 in other days back in 1918.

As I approach this problem—and I grope for light and understanding just like everybody else in this House—I wonder whether or not we should appropriate this money. It has been said today, of course, that the policy has been fixed; and, in part, that is true. But do not forget that while section 3 (a) of the lease-lend bill authorizes the President to aid those foreign governments whose defense he deems vital to our own defense, there still remains this language in that same section: "to the extent to which funds are made available."

So, you see, the Congress still shares in the policy-making power because it is confronted with three possibilities. The first one is to provide no funds at all under this bill—repudiate the proposal.

If that were done, we could not carry out the provisions of Public Law No. 11, the lease-lend bill.

The second alternative would be to provide a partial fund and do a halfway job.

The third prospect is to provide all the funds that have been requested by the President and the experts, in order to carry out the provisions of that act and do a good job of it. That is the situation that confronts us. Shall we give them no money and thereby repudiate the policy? Shall we give them two or three or four billion dollars or a partial amount and do a halfway job? Or shall we provide all the funds and carry out the commitments that have thus far been made?

Let me assure you, just as sure as I am standing in this well today, this is only the beginning. There came from the Budget Bureau in the form of a supplemental estimate \$10,900,000 for Bonneville, for national defense. There is pending over in the Appropriations Committee and the Budget Bureau an estimate for \$300,000,000 for the Navy. There has already come out of the subcommittee, not yet approved by the full Committee on Appropriations, nearly \$4,000,000,000 for national defense. I am quite sure my good friend the gentleman from Pennsylvania [Mr. DITTER], who is a member of the subcommittee, will bear me out because I have the supplementary estimate here.

Now, \$7,000,000,000 is only an item in the concatenation of events. There will be other bills. To those who are alarmed by the amount, this could be done: There are eight separate appropriations in this bill. Suppose we take appropriation A for \$1,500,000,000. Tomorrow they bring up another one for \$1,750,000,000, and in the space of 7 or 8 days we will have eight appropriations aggregating \$7,000,000,000, and probably the Congress would not be so squeamish about making that money available because the amount was not so astronomical that it somehow beggared description and goes beyond the porphyry of finite thinking. I say it is only the beginning.

I was on the train Saturday night and did not have the good fortune to hear the President of the United States, but let me refresh you with one or two brief excerpts from that speech to indicate that this is only the beginning. He said, for instance, this:

For unless we—

He did not say "they"; he did not say "you"; he did not say "foreign democracies"; he said:

For unless we win there will be no freedom for either management or labor.

Just put the accent and emphasis upon that personal pronoun. We are committed to victory.

The President said also:

From now on that aid will be increased and yet again increased until victory has been won.

That is the Chief Executive. He fixes the foreign policy, within the limits of certain guide lights set down by the Congress, and on Saturday night he had committed the United States of America, its people, and its resources, to march all

the way to victory, no matter what the cost. In view of that, there is no going back. We do not dare confess that we will not stand behind the President on that matter. Those words are now irretrievable. He has committed the Nation to victory, and this afternoon we are in this very delicate position: He says to the democracies and to the world: "We will go all the way to victory. There will be all-out aid." Now comes the Congress to reduce the estimate fixed by the experts and we give half as much. Congress says "half-out aid." The President says "all-out aid." At once you develop a certain disconcert and disunity of spirit.

So much has been said about unity. Unity of objective is one thing, unity of effort another. I fought as tenaciously and vigorously as I knew how on the floor of the House when the lend-lease bill was before us and sought in every way and by every bit of parliamentary skill to stop that bill from passing. It is law and the policy is now fixed; so there has developed unity of objective because the people's representatives in both legislative bodies have spoken. From here on we are confronted with the question of unity of effort, and the minute we part company with the President now, then look out. So, after much groping and after much seeking I propose to vote for the pending bill. As I stated we could pass seven or eight separate appropriations for the \$7,000,000,000 but the net aggregate result would be exactly the same. So, we may just as well go on.

It was stated on the floor this afternoon that we are in the war except for the shooting. The state of mind has changed a little. You notice in the public utterances both of the President and of a great many publicists they are talking about aid to the democracies, but you see we have slid over now. That may be regarded as a little negative. We are building up certain personal animosities in the country; it is affirmative now; we are beginning to hate now; we are beginning to condition the disordered spirit of the country now; and so we are moving steadily along, and I, for one, frankly confess this afternoon I do not see how we are going to escape the vortex of those inexorable forces that are carrying us on down the pathway to conflict. The President said that the old Prussian policy was bad enough but nazi-ism is so much worse. That is quite true, but you see that is a very definitely affirmative statement. It is one thing to say we are going to aid the democracies. It is another to say we are going to lick the dictators. That is what he said, and so we are committed to that policy and there must be unity of effort in my judgment.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I will yield in a minute.

So we must carefully make that distinction between unity of objectives which has now been consolidated when the lend-lease bill was passed and unity of effort so that as a matter of fact we dare

hardly depart from that course for fear of world consequences.

Here is a thing that disturbs me a good deal: The United States has never lost a war, and we are committed now to victory.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. In a minute.

That may mean war. That remains in the lap of the gods; but if we are committed to victory it will be a long, drawn-out affair; it will be frightfully costly, and I do not know what the ultimate result is going to be. One of the disturbing things is that it will not end when the actual hostilities and the actual conflict is over. The President says our country is going to play its full part. I quote:

Then our country must continue to play its part in the period of world reconstruction.

That is what he said last Saturday night to the representatives of the press. We must go on and cooperate through the period of world reconstruction. In consequence there is a long and tortuous road ahead for the American people under the commitment of the Chief Executive, and I for one shall go along with the provisions of the bill for the amount that is now presented to us.

I now yield to the gentleman from Michigan.

Mr. HOFFMAN. I understood the gentleman to say that the President said we must lick Hitler, we must beat the Axis Powers. How are we going to lick them if we do not go to war? Does the gentleman understand that unity to mean we are going to send an army across to destroy the Axis Powers?

Mr. DIRKSEN. We are speaking only of the material things the President wants. Personally speaking, after studying this question as assiduously as I can, I do not know. Personally, speaking from what little strategy I was taught when I was a shavetail in the Army in the last war, I was taught that you could not make plans until you had fire superiority, built up your artillery, your howitzers, and equipment, then reconnoiter, then see that you have enough infantry. They will not want our infantry unless there is not enough infantry over there.

Mr. HOFFMAN. Then we will send our boys, will we not?

Mr. DIRKSEN. That is a policy we will have to determine.

Mr. HOFFMAN. Is the gentleman going to have unity behind the President to the extent of giving him power to send the Army over when the people do not want war?

Mr. DIRKSEN. I am speaking of the purposes of this bill which deals only with matériel, not men. Frankly, I do not see how we are going to escape.

It should be emphasized that the all-out aid to which we are committed to achieve a victory for the democracies is material aid. It applies to planes, ships, ordnance, tanks, aircraft, supplies, and other equipment. It applies only to defense articles as specified in the first section of the pending bill.

Thus, to summarize, the policy of all-out aid in the form of materials, supplies, and equipment has been made the law of the land. The question for Congress to determine now is whether to

nullify the provisions of that law since it has been adopted by granting no funds or partial funds or whether to appropriate the amount which the military and naval experts have testified is required.

Recurring once more to the question of reducing the amount carried in the bill, I find myself in a difficult position. The testimony on record was extremely meager. I learn that most of the testimony and particularly the important testimony was off the record. It is said that this was done in the public interest so that certain essential information would not become public to the belligerent nations.

Be that as it may, I find myself hard put to determine whether seven billions is too much, too little, or just the right amount. The subcommittee explained that the whole amount was carefully broken down into specific items and categories and a convincing statement presented as to the various items.

To support a reduction of these funds without adequate facts to implement such a motion or amendment is therefore extremely difficult without being charged with guessing at the amount. In the absence of adequate facts, one is left to rely upon the advice and testimony of those who are expert in this field of military and naval procurement.

But one other suggestion needs attention. To those who sponsored and fought for the lease-lend bill on the ground that we could save American lives, keep our troops at home, and keep war from our shores by providing adequate supplies and equipment to the democracies of the Old World, the time is at hand to prove that this contention was true. The time has come to prove that the lease-lend bill was necessary to provide aid that could not be provided under the authority which existed before the lease-lend bill was enacted into law. It remains to be seen. I shall not stand in the way, now that it is the law. I shall cooperate to see that it has a fair trial.

I shall, however, militantly stand in the way if the commitment to victory involves the use of American manpower. We shall part company there.

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, we have been told throughout this debate, and I address my remarks particularly to those who voted against the lease-lend bill, that the majority of the Congress has spoken, and that, therefore, we must now support the appropriation ensuing the legislation which an overwhelming majority of the Congress has enacted. It does seem to me that such conduct has never been the policy of the House of Representatives during the 5 years I have been here. Time and time again authorizations have been adopted by an overwhelming majority, and time and time again those who have fought the authorizations have bitterly and consistently opposed, criticized, and voted against the appropriations. It does not seem to me that essentially there is any difference in principle between that policy which the minority in this House has pursued in the past and that policy which it should pursue now, namely,

those who have fought the authorizations in the lease-lend bill should in all consistency and honesty oppose this appropriation of \$7,000,000,000.

Mr. Chairman, some try to draw a distinction. They say this is a sort of a national policy which has been adopted. I maintain that despite the action of the President and of Congress, and I make this charge in all seriousness and accept the responsibility for it, this policy, this arsenal policy, has been foisted on the American people by fraud and deception at the very inception, by fraud and deception throughout its continuance, and by fraud and deception at its very completion. The American people have never expressed themselves in favor of this arsenal program. They have time and again expressed themselves against involvement in this imperialist war. The people of these United States oppose this arsenal policy, now that they know that it means war.

Before I discuss that phase I would like to say a few words in connection with the role of the minority in this Congress, the role of a minority party in this period of crisis. These days are of a more serious character than any crisis that this country has ever witnessed, including the crisis of the Civil War. Whether or not this country is to remain a free, democratic nation is dependent on whether or not we are going to become further involved in this European war because, despite all this talk about democracy, the President has plunged this country into an imperialist war, which, under the guise of destroying Hitler in Germany, is in reality a war for world dominion by a new axis, the Wall Street-Downing Street axis, carrying on not for democracy but for empire. Furtherance of this Wall Street-Downing Street axis war means the abolition of the democracy of the United States and imperialist domination over the people of all of the countries involved in the present war. No, ladies and gentlemen, President Roosevelt has plunged us into a war not for democracy or our way of life but rather into a war between two imperialist axes; the victory of either will mean death to democracy. It is the duty of real believers in real democracy not to aid one axis against the other, but to bring about the defeat of both. This must be done by pulling America out of this war, and not by plunging further in it as you propose under this bill.

I am very much amused when I see these new champions of democracy, the same forces in this country that were called by the President of the United States himself economic royalists, the same forces that the President told us constituted the 60 families, the same forces that have been described time and time again by the President of the United States as those who are doing everything possible to undermine the democratic institutions of the American people. I am not only suspicious of them but I know because they have espoused this program that this program is not for democracy but against everything that democracy means. They have been, are, and always will be enemies of democracy. Today the President has joined them.

Coming back to the role of the minority party, I was saying that we are living through the most critical days in the history of our country. I repeat, if we enter further into this imperialist war under the guise of destroying German Hitlerism, we will establish in America the Wall Street-Downing Street brand of Hitlerism. The lease-lend bill was the public contract in cementing the secret understanding for the creation of the Wall Street-Downing Street axis. This bill is partial delivery of the consideration on our part in this new axis partnership. The signing of this axis agreement means not only the signing away of \$7,000,000,000, but it means the signing of the death warrant for American lives and American freedom unless the American people themselves prevent it.

Mr. DITTER. Will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Pennsylvania.

Mr. DITTER. I am impressed with the observation or reference that the gentleman made to the duty of the minority. I wonder whether the gentleman would develop that situation a little further.

Mr. MARCANTONIO. I am coming to that situation. I am describing the serious character of the issue now before us. I described it to the extent of saying that once we plunge more deeply in this imperialist war, in pursuance of the imperialistic interests of the Wall Street-Downing Street axis, we will be substituting for our democratic institutions in America the Wall Street-Downing Street dictatorship in America. You wait. Time and events will demonstrate whether I am wrong. We will all be around to see it, because we are living in days when every day is a score of years from the standpoint of history. We are living in days when the very foundation of our American civilization is being shaken by events of cataclysmic proportion. Only the American people themselves can save it. So you are in this period of dire crisis.

The minority party can cease to act in the role of militant opposition during normal times and get away with it. The Whig Party was able to do it for quite a while, but when the crisis caused by the issue of slavery, hit this country and a large number of the members of the Whig Party in this Chamber and in the other Chamber supported the Democratic Party in power on the question of slavery, the Whig Party became extinct and I say to the Republicans today that the moment you began to pursue this policy of capitulation to the Wall Street-Downing Street axis policies as carried out by the President of the United States today, you began an inexorable march toward extinction because you have ceased to become a party of militant opposition when the country is faced with a crisis as serious as this. [Applause.]

Mr. Chairman, I am not saying this because I want to make political capital out of this situation. I say this because I want to see an opposition to the President's war policy and not a capitulation to it. As long as you subordinate your party interests to the class interests of the representatives of finance, monopoly, and capital in your party and under the

pretense of a false national unity you do not oppose this imperialist war program of the President. You will lose forever your place in the political set-up of our country.

I know that I am a minority of one. However, not boastfully, but in answer to any attempt at derision, I say that one man with courage is a majority.

Coming back to the question of the Republican Party, I say, do not think for a minute that you can get away with it because of the nonexistence of any other political party beside the Democratic Party. You followed Willkie in November to defeat and you are going to follow Willkie in 1941 and 1942 to extinction. Remember that. You are not going to have a situation such as you had last November when the American people were deprived of an opportunity to repudiate the pro-war policy of the present administration, after your convention had been blitzkrieged by the Wall Street-Downing Street axis into nominating a candidate who did not afford the American people an opportunity to repudiate the war policies of the administration in power. You are not going to again have that situation where this war program was not debated because the President was given an opponent who agreed with him, because, in this country, there will be formed, just as the Republican Party was formed, from the masses, from the farms, from the mills and from the factories in this country, a new political party in America in 1941 and 1942, an antiwar party, a party dedicated to the preservation of the peace, freedom, and security of the American people. We are going to the people with that party. Remember, it is a warning that I am serving on you gentlemen who voted against this lease-lend bill and who now try to seek some kind of an excuse to vote for this appropriation.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. I believe the gentleman is probably as able to answer this question, if not more so, than any other Member of the House. Would the gentleman care to tell the House what he believes will happen to labor and the advances it has made in the last few years if we continue to go into the war?

Mr. MARCANTONIO. I am glad the gentleman has asked that question. We do not even have to wait until we actually start firing guns to see what is going to happen to labor under the guise of this so-called national defense and under this arsenal program. We see what in this well, day in and day out? A vicious attack on labor. Does anybody here really, honestly believe that the workingmen in his district are of such a type that they just go on strike for the sake of going on strike?

Do you not know what it means to the worker's family for its wage earner to be on strike? Do you not know the sorrow and deprivation and misery it means for a breadwinner not to bring in his wages at the end of the week because he is on strike? American workers strike

not because they like to; they strike as a last resort to get for themselves and their families a decent American living, using their own unity as the best weapon because they have found that they cannot depend on so-called friends of labor who have betrayed them time and time again. When American workers go on strike they go on strike because they see on the one hand mounting profits going into the hands of the few, profits growing every day larger and larger and larger, just where this \$7,000,000,000 is going to go; and on the other hand, labor is given very little in return. When labor asks for a decent wage to meet the high cost of living this war condition has created, what do they get? The moment they resort to the only economic weapon they have, an economic weapon that Lincoln justified and that every great American has justified since then, what happens in this Congress? Men stand in this well, oratorically wave the flag, charge that labor is holding up the program, and hysterically call for the destruction of free labor unions. Not one word is said about profits, not one word is said about the wages of the workers in relation to the profits or about the increased cost of living.

Legislation is now before the Committee on the Judiciary to deprive American workers of the right to strike. Once we destroy the right of labor unions to strike we destroy free labor unions. Once we destroy free labor unions we establish in America the labor syndicates of Fascist Italy and the National Socialist unions of Germany, and as far as labor is concerned, we will have a Hitlerized labor movement, even though it may be headed by a Sidney Hillman, who is now playing the role of Ernest Bevin as far as labor is concerned in the United States. The program for labor on the part of the administration is to have controlled unions, just as in Great Britain, first by seducing the aristocracy of labor. If these seduced ones fail to subordinate the rank and file of labor to a program of imperialist war and dictatorship, then clamp down on labor by legislation and force.

Labor is losing every day what it has gained during the last 7 years, as far as the administration and this Congress are concerned. Because of the change in personnel, what has happened to the National Labor Relations Board, which at one time had a pro-labor policy? Pro-labor decisions have become the exception rather than the rule there. Bill after bill is being proposed here curbing the rights of labor, and not only labor but the civil rights of the American people. Throughout the country people are being persecuted and hounded simply because they express viewpoints that are contrary to the war schemes of those who occupy the seats of the mighty. Minority political parties are being ruled off the ballot. Men are being sent to jail for what? Because they express opposition to a pro-war policy.

What is this Congress today, anyway? Look at the teamwork that is going on between you gentlemen of both parties. This Congress has become a "ja" party, and the day is not far off when this Congress will play the role that is being played by the Reichstag under Hitler today. It is a "ja" Congress, giving

assent to every war act proposed by this administration unless, I repeat, the American people themselves prevent it.

For my part, I am against giving assent to this bill because I was opposed to the lease-lend bill. Why should we give aid to one gang of bandits that is fighting another gang of bandits? You all know this is not a war for democracy. Great Britain is not fighting a war for democracy. Great Britain is fighting to maintain her imperialist domain of enslavement and exploitation over one-fifth of the world. Wall Street, seeing a weakened Downing Street, jumps in, forms this new Axis, not because of the plight of the suffering people of England, but because this is the opportunity to become the senior partner in an imperialist Axis, for empire, profits, and more exploitation over more people. All this at the expense of the liberties, wealth, and blood of the American people, the English people, and of all people.

Democracy, remember that there are concentration camps in Germany, but there are also concentration camps in Great Britain.

Democracy, remember that while thousands of workers are being forced to live in the subways of London, suffering all kinds of misery, in the west end of London, in underground luxurious hotels, the munitions makers and the bankers and the war rulers of England are living safe from the bombs. This is the kind of democracy for which the President asks us to make sacrifices. This is the kind of democracy for which the President said we must win the war. Whose war? Not the American people's war.

Before I conclude, let me point out just one thing to you. In my district and in the other working-class districts it is being said, as it has been said here, that this \$7,000,000,000 appropriation is going to create work; it is going to mean prosperity. Let me quote somebody on that particular question. In an address before the Inter-American Conference on December 1, 1936, at Buenos Aires, Argentina, the President of the United States said this. While you listen, bear in mind what he said last Saturday and think of what he said then:

We know, too, that vast armaments are rising on every side and that the work of creating them employs men and women by the millions. It is natural, however, for us to conclude that such employment is false employment; that it builds no permanent structures and creates no consumers' goods for the maintenance of a lasting prosperity. We know that nations guilty of these follies inevitably face the day when either their weapons of destruction must be used against their neighbors or when an unsound economy, like a house of cards, will fall apart.

In conclusion, let me add that I refuse to believe that the American people support this pro-war arsenal policy. The American people were never given an opportunity to vote on this policy. Every step in this program has been outlined to the American people in fraud and deception. Never have the people been told of the real war character of this program. As a matter of fact, in May, when the President came here and asked for armaments, cannon, ships, and planes, he told us at that time that we needed them strictly for defense—defense from invasion, and he pictured airplanes coming

from Tampico to St. Louis, airplanes coming from Newfoundland to New York, and you people appropriated the money and the American people supported that. Why? Because they thought those funds were to be used for weapons to be employed strictly for defense against invasion. Do you think the American people would have tolerated the expenditure of those vast sums if, in May 1940, the President had said that those weapons were to be used to turn this Nation into an arsenal, as he described it last Saturday night, or in the lease-lend bill or in this bill or in his address to Congress of January 6, 1941?

Further, in the campaign do you think the President would have been reelected if the President had made the speech he made Saturday night to the American people in the month of October? Think that over and then let me know whether or not the American people are in support of this policy. It was sold to the American people as national defense, and now we are told that it is an arsenal policy. Still the deception continues. We are told that this arsenal will keep us out of war when, as a result of this arsenal policy, we are in war—we, the President, the Congress, the Government, not the people. Still the deception and fraud continue. We are told that this is an arsenal for democracy, when day by day as the curtain lifts we find it to be an arsenal for imperialism, for another axis—the Wall Street-Downing Street axis.

The reason fraud had to be used to put this program over is because never before in the history of the world have the rulers of any nation found it as difficult as the present rulers of this Nation have found it to drag the American people into war. Our Government is at war without the consent of the people. The American people do not want war. You can try all the tricks you want, all the lease-lend bills, get all the invitations you want to correspondents' dinners, and have all the press on your side that you want, but you will always find an irresistible demand on the part of the workers and the farmers of America for the maintenance of the peace of America. [Applause.] They want us to be pulled out of war and kept out of war. Do not fall for this business of national unity in time of war. Do not let them tell you we are in the war. Yes; the Government, the Congress, and the President are in war, but the American people are not in war and they want us to do our duty by them to take our Government out of war; and the immediate way to do it is to defeat this bill. [Applause.]

Mr. DITTER. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. BENNETT].

THE FUTURE OF AMERICA STAKED AGAINST THE
PAST OF EUROPE

Mr. BENNETT. Mr. Chairman, this bill should have been printed with red ink. Everything connected with it should be printed in red, for it represents a total loss to the American people. Seven thousand million dollars, if we had it in hand, would be something worth crowing about. But \$7,000,000,000 which we have not got, yet expect to appropriate and spend, is something worth while kicking about.

Mr. Chairman, the wisdom of the ages reflects the folly of our present course. Since we have been unable to borrow and spend our way to prosperity in the last 8 years, we will likewise never be able to borrow and spend enough in the coming 8 years to preserve democracy in the decadent empires of Europe and Asia.

Benjamin Franklin once said:

Experience keeps a dear school, but fools will learn in none other.

We should have learned our lesson in the last World War. We set out to save democracy then and wound up holding the sack for both sides. So here we are, 22 years later, about to disregard everything that practical common sense dictates in order to plunge into European power politics with another investment for experience.

In this, the greatest gamble of all time, the future of America is staked against the past of Europe.

And in this gamble, the opportunity for a better, a greater, a more livable America, perishes. We are about to do more and have less. We are going to make sacrifices, not for America, but for that democracy which is represented by the policy of economic internationalism. This is the path we have chosen. And who, among the founders of this Nation, who among the signers of the Declaration of Independence; yea, who among the framers of the Constitution would have wished to live to see the day, when, in their beloved country, the workingman would be taxed upon the tools of his trade and upon the income of his industry? Who could have wished to live to see the day when the farmer would be taxed upon the soil from which he produces and then penalized and regimented by his government for working too long and producing too much? Yet, all of this and more has come to pass. And for what?

Only to support a lecherous, nonproductive class, busying themselves in the business of organizing the forces of democracy, not for human betterment, but for mass destruction.

For these, we now are asked to go \$7,000,000,000 more in the red.

THIS IS A FATAL HOUR

Mr. Chairman, this is indeed a fatal hour for America.

This legislation is a bitter draught for some of us to swallow. It will stay the hand of progress and freeze the blood of patriots. It will throw our civilization back to an age we hoped had gone forever. An age where blood lust will be the dominant passion, and where faith, hope, charity, and love, the finer elements of the Christian faith, are cast into the discard. The die was cast, sir, when Congress passed the peace-end bill—H. R. 1776—which we are told was written, not by a Member of Congress but by a man born and reared in Europe. This is the beginning-of-war bill. For no matter how often we proclaim our neutrality, we cannot conceal our actual belligerency behind such phrases as "Arsenal of Democracy."

Mr. Chairman, this bill leads us into deep and dangerous waters. We go upon an uncharted course.

In our recent dealings with the nations of the world our Government has ex-

hibited a careless contempt for those restraints which border upon international law. Custom means little to our present leaders.

They have maneuvered us into an awkward position.

In the light of precedents we ourselves have established in the famous *Alabama* claims against Great Britain, when this war has ended, if there remains an international tribunal of justice in the whole world, we may expect that many claims, similar to the claims we lodged against Great Britain after the Civil War, will be lodged against this Nation. And those claims, I am loath to say, will not be entirely without merit.

We, as a Nation, cannot expect to live in a world guided by laws and morality, and yet become law evaders and moral prostitutes ourselves, on the mere excuse that others have done likewise, or that Congress by its enactment has given approval.

Furthermore, Mr. Chairman, a decent respect in the opinion of mankind requires that we proclaim our purpose in no uncertain words.

There is no middle way in war. We are in an undeclared war which must be financed. Subterfuges and sibilant phrases cannot disguise our actions. We have chosen sides. We are about to add the weight of our military and economic weapons to those of one friendly nation engaged in combat with another friendly nation. But this will not be called a "stab in the back," because we are doing it, and not Mr. Mussolini.

Mr. Chairman, the approach to the position that we, the Members of Congress, today find ourselves in has been both subtle and gradual.

Had either Mr. Roosevelt or Mr. Willkie as candidates in the autumn of 1940 even intimated that the lease-lend bill or any such measure as this would now be before us, I am confident that either or both would have been repudiated by the American people. Our people want no war.

But now the die is cast. We have been taken for a ride by the propagandists. The Union Now groups and the economic internationalist for the moment hold the reins. And in this moment the course of a Congressman becomes difficult. But, sir, I know of but one course. I realize that what I say here today will be weighed and sifted by those with whom I am in disagreement.

But, sir, my fears for my country are greater than any fears for my own political future.

I want to help save America if I can. I want to do for my own people first. I want to build an impregnable defense for our way of life and our people. But this seven billion is to be spent to defend the British way of life and the British Empire and all that empire, imperialism, and trade imply. Mr. Chairman, this \$7,000,000,000 is only the beginning of the spending. We are embarking upon a road that has but one end, and that end has heretofore been fatal to free government.

Mr. Chairman, while we do not have this seven billion to lend and spend now, we are told that the arrangements will be in the hands of specialists. Every time I see or hear the word specialist in

connection with any governmental function, I am reminded of the late Chic Sale. You know what I mean. It takes no specialist, Mr. Chairman, to know we cannot keep up this deficit spending. As Franklin said:

Always taking from the meal box and never putting in soon comes to bottom.

This administration has been taking out now for over 8 years. They have never put in a dime for the future. With this bill, a total loss, an investment that eventually will be charged to experience, is it any wonder the people are apprehensive. This investment may prove disastrous. It may be a fatal step. But disastrous as our course may seem, like the captain who goes down with his ship, I am resolved in my fidelity to my country. If certain amendments are adopted, I shall vote for this bill. I am not satisfied in my own conscience. But in the words of Stephen Decatur:

My country! In her intercourse with the nations of the world, may she ever be in the right. But, right or wrong, my country."

[Applause.]

Mr. DITTER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Ever since his Chicago speech the President has been determined to get us into this war. This is his second formal invitation to Hitler to fight us. The first one was contained in H. R. 1776. May I read to you something that occurred during that debate, on the 21st day of January, at page 215 of the RECORD, when Mr. CURTIS had the floor:

Mr. McCORMACK. The gentleman knows that the President cannot do a thing under this bill if it becomes a law until the Congress appropriates the money, does he not? Mr. CURTIS. Oh, that is not entirely correct.

Mr. McCORMACK. And Congress can fail to appropriate any part of it, or appropriate with a limitation and restriction.

Mr. CURTIS. That is not the correct view. There is already a considerable amount appropriated and authorized that would be affected by this bill. He could give away our entire Navy.

Mr. McCORMACK. But the gentleman knows that no money is appropriated in this bill and that the President has to submit to the Congress a request for the necessary appropriation.

Mr. CURTIS. Does the distinguished majority leader contend that this bill would be without force and effect unless we vote appropriations?

Mr. McCORMACK. The gentleman knows that there is not a penny appropriated in this bill.

Mr. CURTIS. That is correct—

Now, listen to this—

But no appropriation is necessary for the President to act under this bill.

Mr. McCORMACK. And that without the necessary appropriations to carry it into operation the bill cannot be operative until Congress appropriates the necessary money.

Now, the reason I read this is because I want to show from that quotation that this Congress still has an opportunity to vote its convictions, need not blindly follow the President in his efforts either to get us into this war or to compel Hitler to wage war against us. We still have an opportunity to carry out the wishes of the people who sent us here. We may still

prepare for defense, yet aid Britain without doing those things which put us, as an active participant, into this war. Say what you will, this is not a war in behalf of the oppressed peoples. Britain is willing that the people of France and of other countries should hunger, should starve; she is willing, yes, she insists, that they hunger and starve, if in her opinion that be necessary to keep Hitler from getting any part of the food we would send them.

This is a trade war. It is a war, as most wars are, for world markets, and it matters little to those responsible for it that 1,000,000 or 2,000,000 Americans die to win it.

This bill is our second formal printed invitation, our challenge to Hitler to come and fight us. It is well to have courage, it is foolish to fight a war for an ungrateful nation, which, if she wins, will take for herself the fruits of victory. If we pass this appropriation, there will be other appropriations asked for, and under the arguments made today, not one single one of those requests can be refused. And it will weigh not at all what the amounts of these requests will be. The thing that bothers me all the time is this: Are we committed, as some of the Republican leaders say, to a policy of blindly following everything that this man in the White House asks us to do? Must we go along all the way? Is it not enough that we aid Britain? Must we sacrifice our own liberty, imperil our own national existence? The gentleman from Illinois [Mr. DIRKSEN] stated here that the President told us and the country last Saturday night that we must, and I use his words, "lick Hitler." That is some task. For it we are unprepared. To do it we must send more than a million men across the sea. He [Mr. DIRKSEN] said we must have unity. Following his argument, if we are to have unity back of the President on all occasions, for his every enterprise, it is inevitable then that we who sit here in Congress now must, before long, and because of the course the President is following, vote to send an army across the sea. It is idle to talk about sending ships and bombers and all the munitions of war and then when the plea comes, as it will come, to destroy the Axis Powers, to invade Germany, to overcome Hitler—I say it is idle to say today that that will not mean we must send our men. It is true that Churchill said they would not need the men this year, but it is also true that another representative of the British Government, since that time, has said that they would need the men, and our common sense tells us that in the end we must man these convoys they will be asking for in a week or two with our men, with American citizens, and shortly afterwards, if British or an English army be destroyed anywhere in the world we will be asked to send the men to replace it; and I ask my friend the gentleman from Illinois [Mr. DIRKSEN], are you going to have unity back of the President to the extent of sending an army to overrun Italy, to overrun Germany, and all those other countries where there may be war? If you are, what becomes of the campaign promises that we made?

Mr. BRADLEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Yes.

Mr. BRADLEY of Michigan. Was there any mention in 1916 that England was going to need our men?

Mr. HOFFMAN. We know what the request soon will be. There is not a man on the Republican side, so far as I know, who did not campaign behind the Republican candidate on the promise that we would not go into this war. Our candidate said that Roosevelt was leading the war party, and he intimidated, at least he gave us to understand, that he was leading the peace party. I do not care where that man takes his stand today. He gave his word, he made his solemn promise, and he made it to obtain votes. If he chooses to violate that promise that is within his power. My word given before the campaign lasts longer than the period of the campaign, and when I make a promise to my people I say to you that that promise is what the President of the United States said it ought to be, a solemn agreement not only with the party, but with the citizens, with the people to whom I then appealed. Oratory is fine for Fourth of July speeches but campaign oratory used to fool the voters is nothing less than downright fraud, and what is coming next, after a request for an army? All we need to do is to read the newspapers. Has the man in the White House any sense of proportion at all?

Here he is asking this year, as we learned yesterday, that these appropriations for war will be something like \$30,000,000,000, and now in the morning newspapers it appears that he is getting ready to ask for \$6,000,000,000 for expenditures after the war is over. How much money does the man think there is in this world? How great a burden does he think the American people can carry before they become tax slaves? In God's name, is it coming to pass that after he "licks Hitler" he is going to rebuild England, restore the buildings that have been bombed, is he going to rebuild Germany, is he going to send an army of occupation into that land to maintain law and order, something he did not do here in the sit-down strikes, and call upon us, our children, to pay the cost? Then I ask my friend the gentleman from New York [Mr. TABER], whom I admire and respect in every way, and I question neither the patriotism nor the intelligence of any man here, are you going to be back of him all the way in his desire and ambition to police the world at the expense of your people here at home? Again you see in the morning paper a news item to the effect that two members of Parliament are talking about "union now." When the President comes and tells us that in order to save the democracies of the world we must have a political union of Great Britain and America, with himself as the President of that British-American Union, are you going along? For the sake of unity must we give away the independence, won through 8 long years of war, by Washington and our forefathers? Are you going to give the President a deed to our country, with power to transfer it to Britain? Are you going to betray those people who accepted your promise that you would never lead them into war? If that is the policy, we may just as well say so now, and not wait. We might just as well tell the

world that this country is England's country, that our people are their servants, and that forevermore, so long as a citizen may live here, he will serve the British Empire.

I cannot see it. I believe we should keep faith with those to whom we gave our solemn promise and that it is our duty now and will be until the Congress has declared war, to vote against these things which we know will take us into war. For appropriations for national defense I have voted, for such appropriations I will continue to vote. For aid to Britain I will vote. But for money to carry on an aggressive war I will not vote until war has been declared or we have been assailed. [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. KERR].

Mr. KERR. Mr. Chairman, I might assume the role of a prophet this afternoon and tell you whether there was going to be any war or whether there was going to be a disintegration of any political party as a consequence of this war. I hope there will not be any war. I think one action of this Congress that will probably keep us out of war was the passage of the lease-lend bill and the provision now pending for the appropriations to enforce that bill and carry out the mandate of Congress.

I am not going to prophesy disintegration of the Republican Party. At times in my life I probably have wished it would disintegrate, but I have learned a great deal about the Republican Party since I came to Washington. I have learned to respect the men who are leaders of the Republican Party in this country. I accord to those men the same sincerity which I entertain with respect to the welfare of this Nation of ours. I want to say on this floor that I hope neither the Democratic Party nor the Republican Party will ever be succeeded by Communism in this country, where the Nation's rights will be destroyed and where personal liberty and individual initiative will be nullified.

I want to talk to you for a few minutes about a matter that is involved indirectly in this bill now being discussed. It is manifest that the plight of the farmer of this country at this time is very bad and the prospects for his getting in a better shape financially are most alarming. Twenty-five percent of the people of this Nation live on the farm and make their living on the farm, yet they enjoy only 5 percent of the income of this Nation. Just that statement itself is appalling and ought to make us endeavor in this great expenditure of money to correct that as far as possible.

I have an idea about this that I hope the executive agencies of the Government who administer this bill will think about and that they will adopt, because I think it would be a fine thing for this great group in our national life, whose patriotism has never been questioned and who, if the great principles of democracy are to be maintained in this Nation, will be the ones who will be largely responsible for its maintenance and glorious survival.

The English Government is selling to this Government each month more than

\$200,000,000 worth of gold. That does not embrace other items of credit which they are piling up here, and which gold they will continue selling to us at a very high price. During the last 2 months more than \$300,000,000 has been brought here, and is a large part of the credit and exchange value which the British Empire has here. This Empire has almost abandoned its trade for the agricultural products of the United States. The British Empire was once our largest customer and greatest buyer of the American farmers' products. In 1938, there was exported to the British Empire \$289,865,000 worth of farm products. In 1940, that trade was cut down more than 50 percent, and they only took \$145,077,000 worth of farmers' export value. When you come to the item of tobacco, for instance, we not only have bought for England \$80,000,000 worth of tobacco, which the Export Commodity Corporation is holding now on option for the British industries, which option on 160,000,000 pounds of tobacco will expire in July. This Government owns more than 6,000,000 bales of cotton, a large portion of which the British Government should take immediately, and which they can pay for from the proceeds of the gold account that we have purchased from it.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. KERR. I insist, now that we are loaning to the British Empire and leasing them every accomplishment for war to successfully resist the destruction of their democracy, that those who administer this bill ought to take those things into consideration and insist that at least the gold we are buying from the British Empire and paying a high price for, ought to be used in order to again start the normal agricultural export trade between the British Empire and this country. I think it can be done and I think those executive agencies of our Government who administer this bill, and the great sum of money involved in the bill, if they knew the condition of the farmer in this country and his low income and how he has been demoralized by the loss of his trade because of this war, should endeavor at least to take some of this money and make it possible for the normal agricultural export trade between the United States and the British Empire to be established at once. This would in a large measure reassure a large element of the finest people in this Nation and vouchsafe unto them peace and happiness incident to their prosperity and would enable the farmer to maintain his purchasing power and bear the burdens of our own democracy as well as help all the others on earth. [Applause.]

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. DEWEY].

Mr. DEWEY. Mr. Chairman, there has been considerable talk of the increase of morale that will be effected among the beneficiaries of our aid when this appropriation for \$7,000,000,000 has been passed; but I should like to send a message to our own American citizens, to every man or woman who toils that he will need plenty of morale to support the

taxes that will be levied on an all-out basis properly to support any program of the type considered under this bill and other bills that in all probability will come before us.

Mr. Chairman, I voted against the lease-lend bill. I voted against the Senate amendments lest my people be deceived by my vote into believing that the amendments improved the bill in any material sense.

In my judgment the lease-lend bill embodied grave dangers to the fundamental rights of our people. It delegated powers extraordinary, without precedent and without necessity, to the executive branch of the Government. I believe so fervently in our system of government, in our traditional way of meeting a problem, that I could not bring myself to approve such a radical departure from our democratic processes and methods.

The majority ruled. The lease-lend bill is now the law of the land. I accept the decision of the majority, and I am prepared to lend my support to appropriate measures for making that decision effective, particularly due to the assurances of the majority leaders that the lease-lend bill is a peace bill and will keep my country out of war.

Our people do not now recognize what this program of all-out aid to the democracies of the world means. It is a program without limits. At no time has the administration given us the slightest indication of how far we might go without completely bankrupting our Nation and impoverishing our people. At no time has the administration offered, or even so much as intimated, that it has developed a sound, comprehensive fiscal policy. We are simply proceeding to appropriate billions and billions, with no thought as to the public debt our economy can stand and with no thought as to the aftermath of the war when defense production will come to a stop.

As the preparedness program expands and as the all-out program gets under way, preparedness for wartime purposes, of a destructive character from an economic standpoint, will dominate the economy. It may achieve prosperity of a sort. Factories will run three shifts. Farmers will enjoy ready markets at good prices. Goods will move rapidly from production to the warehouses to the distributor to the consumer.

What is the situation, Mr. Chairman, when the war is over? Industries close their doors. Men are idle. Those who have been off to training camps return to augment the unemployed. And an accumulated national debt weighs heavily on the taxable resources of the country.

I rise today, Mr. Chairman, to urge thought to this ominous future for America. I rise to bespeak the need for a fiscal policy and a tax system geared to meet the demands of the wartime economy upon which we are entering. It is the only good insurance we have against the destruction of democracy as we seek to make the fullest use of our manpower and resources to protect democracy.

Today we appropriate \$7,000,000,000. It appears to be but the beginning. Since January 1, 1940, we have appropriated for our own national defense a total of \$27,480,000,000, which does not include this \$7,000,000,000 appropriation before us to-

day. Nor does it include the funds made available through Government corporations which issue guaranteed securities.

The time has long since arrived, Mr. Chairman, when our own people should be informed of the burden that is theirs and some thought should be given to financing this Government and these programs. Let me illustrate very simply how formidable the task is that confronts us for raising the necessary funds. I hope my illustration will also serve to indicate to our people the sacrifices they will be obliged to make.

According to the figures of the Bureau of Labor Statistics, in December 1940, 36,343,000 people were gainfully employed in nonagricultural employment. This figure includes self-employed persons, casual workers, and domestic servants.

The figures of the Bureau of Labor Statistics also show that the average wage per hour in all manufacturing industries was 67.8 cents. If we allow for a smaller wage per hour for the domestics and the casual workers, a weighted figure would be approximately \$23,316,554 as the hourly earnings of our workers. On an 8-hour-day 5-day-week basis, the earnings would be \$932,640,000. In the year the figure would be \$48,497,300,000.

It has been proposed in some quarters that a tax of 5 percent be imposed on all wages on a check-off system. Let us assume this heavy burden is imposed on our workers. It would raise only \$244,736,500. But today, Mr. Chairman, we are appropriating \$7,000,000,000.

My illustration is not statistically accurate in every particular, but it is sufficiently accurate to present a picture of the tax burden which must be imposed in order to meet the needs of the program we are undertaking. It is sufficiently accurate to demonstrate the task that confronts us.

I strongly recommend that we begin to tighten our belts now, that we devise a long-range fiscal policy and tax system. If we fail to do this, I shudder to think of what will happen to this Republic we love and seek to defend. It must be kept in mind that a strong defense depends not alone upon men, tanks, guns, and ships. It depends also upon the ability of a country to finance its defense machinery. Our defense requires that we give thought to the future. Today we must begin to work out a sound fiscal policy and an all-out tax system, designed not only to take care of this emergency, but also designed to take care of the situation that will arise when this emergency has passed. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. BEITER].

Mr. BEITER. Mr. Chairman, I am concerned about the activities of so-called "fifth columnists" and those within our borders who owe allegiance to other governments. We have appointed a special committee of Congress to investigate un-American groups which are boldly functioning as propaganda agencies for their respective governments. Investigation has disclosed that anti-American material is disseminated through organizations disguised as cultural and commercial agencies. Their mailing lists are extensive and most of their material is printed in other lands.

I am receiving any number of inquiries from individuals and patriotic societies as to what Congress is doing to stop these threats to Americanism. Investigations have been made and reports have been submitted. But it is significant to note that, despite exposure, propaganda groups are continuing to function.

We are aware, of course, that the Dies investigating committee has only the power of exposure; it is not an enforcement agency. We are also aware that existing law permits foreign organizations to carry on activities within the United States, providing they register with the State Department.

Under present law these propaganda mills can operate merely by telling us what they have in mind. If we are unable to do anything about this unhappy situation under present law, then I suggest that we amend existing laws or create new ones.

The Dies committee recommends the enactment of legislation to outlaw every political organization which is shown to be under the control of a foreign government. It reports that so long as these organizations have a legal status in the United States it will be difficult for any agency of the Government to deal with them. This committee has shown that these organizations furnish the legal apparatus for the operations of saboteurs and the window dressing for espionage. I concur in this recommendation and urge every Member of Congress to support legislation of this character. We must outlaw these propaganda groups. It is as much a part of our defense program as the authorizations for arms.

I am introducing legislation today which provides that it shall be unlawful for any organization subject to foreign control to make use of the mails to distribute or disseminate any propaganda. If this bill is enacted into law, foreign agencies, whether registered with our State Department or not, will be prohibited from disseminating material which has for its purpose, however subtle it may appear, the advancement of foreign influences in the United States.

With the permission of the House, I am giving the contents of the bill herewith:

Be it enacted, etc., That as used in this act—

(a) "Organization subject to foreign control" means—

(1) any person required by the act of June 8, 1938, entitled "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States and for other purposes," as amended (U. S. C., 1934 ed., supp. V, title 22, sec. 233a to 233g), to file with the Secretary of State a registration statement under section 2 of such act, or any statement under section 3 thereof; or

(2) any person required, by reason of section 2 (a) (1) or 2 (a) (3) of the act of October 17, 1940, entitled "An act to require the registration of certain organizations carrying on activities within the United States, and for other purposes" to file with the Attorney General a registration or other statement under section 2 of such act.

(b) "Propaganda" means (1) any matter entitled to the second-, third-, or fourth-class mailing privilege, or to the corresponding classification under the International Postal Union, or (2) any postcard entitled to the first-class mailing privilege or to the

corresponding classification under the International Postal Union.

Sec. 2. It shall be unlawful for any organization subject to foreign control to make use of the mails to distribute or disseminate any propaganda. Any violation of any of the provisions of this section shall be punishable by a fine of not more than \$5,000, or by imprisonment for not more than 5 years, or both.

Mr. LUDLOW. Mr. Chairman, I yield such time as he may desire to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, this greatest of all American peacetime appropriations, like the lend-lease law which it implements, is a logical and, I think, necessary defense measure. As I view both, they are really what they purport to be, defense measures, and not necessarily and inevitably war measures.

The reason I emphasize the fact that both of these are defense measures is that so many have distorted the matter by declaring that they are war measures. I think there is a lot of misconception about both of these bills, for I find that the opponents are having a lot to say about the folly of these efforts to "save the British Empire," and other opponents are saying that we are "already in the war, all but the shooting," and that this is but the step preceding the actual sending of soldiers to fight in foreign countries. I cannot see any such implications in either of these bills, necessarily, and I think it possible for us to enact and carry out both of them, actuated solely by the desire to defend our country and its future without the use of our men engaging in hostilities. I feel it is not only possible but probable.

Some Members say that "this is our war" and that we ought to be manly enough to recognize that fact and to declare war and to send soldiers at once to fight the dictators. That is one extreme view. Others have said that "this is not our war," and we ought to have nothing whatsoever to do with it, and by staying at home minding our own business, not saying a harsh word about dictators, and not sending a gun abroad, we will be following the proper course. I cannot agree with either of those statements.

I certainly would not say that it is our war, and I don't think anyone ought to say that it is our war, unless he be a member of that political party, and of that philosophy, which repudiated Woodrow Wilson's League of Nations and caused America to draw into her shell immediately following the first World War, and thereby brought about the conditions which made this World War inevitable. I certainly recognize some failure on our country's part to do the right thing and share her responsibility in world affairs following the first World War, but I am not willing to say that this country is solely, or largely, responsible for those post-war conditions which brought on the present war. Therefore, we are not responsible for this war.

Nor can I agree at all with the ostrich-like proposal that we stick our heads in the sand and see no dangers to ourselves on the other side of the oceans. If we may believe that Hitler means what he says in his own literary masterpiece, he does plan to concern himself with us, and we must, in our own defense, do anything effective to block his efforts. I be-

lieve that the majority of the American people feel that we can effectively block his efforts by bringing our full productive capacity into operation against him in connection with the democracies, and that is what we propose to do by converting our Nation into an arsenal for democracy.

Mr. DITTER. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. JONES].

Mr. JONES. Mr. Chairman, I admire the British people and the high-type British person very much, because he is for England first, last, and always. Surely in America today there ought to be a place in American politics for statesmanship that speaks for the United States first, last, and always.

I know there is great danger in opposing this bill or any part of it. The danger that comes is the kind of danger that always accompanies our getting embroiled in a war and has its impact on anybody who disagrees with the Government in power. That impact leads to riots and to picketing in front of the homes of Congressmen who dare speak in opposition. I know full well the sacrifice I shall make in opposing this bill if we are heralded into war, but I would rather be tortured, be shot down on this spot today, than do anything that would harm the interests of the United States of America.

If we go into bankruptcy as a result of the program upon which we are launching now we shall create that kind of confusion among the American people that leads either to socialism or communism, at least to a totalitarian form of government. That is what I fear if continuously year after year after year we spend more money than we collect. As a national government we are and for some time have been embarked upon a program of large Federal benefits, paternalistic in character. We are embarked upon a program that covers a huge amount and will demand further large sums. Whether we can afford it or not no one knows. Future historians will record the answer, how wise or unwise we are. Assuming that we are to continue to any considerable degree the program of the Socialist, uplift, sob Sisters who have been in control of certain departments of the Government, I hope in the coming months we can separate the necessary things from the unnecessary.

To illustrate, I have in mind a dam that was constructed in Nebraska for the benefit of the people of Nebraska at a cost to the Department of the Interior of \$59 an acre. Water could have been provided to that same locality by the individual farmers sinking wells on their own land, providing the pumps and machinery to irrigate their land, having the same effect and covering the same area the dam reaches at a cost of only a little over \$9 an acre. This illustrates the difference in cost as between a private individual's doing a thing and the Federal Government's doing the same thing.

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. SMITH of Ohio. The gentleman spoke of the danger of national bankruptcy. No doubt he regards that as a real danger.

Mr. JONES. That is right.

Mr. SMITH of Ohio. The National Industrial Conference Board has published a statement indicating that the British Government has, aside from its assets in the United States and the hoard and current supply of gold, assets that could be used to purchase supplies in this country amounting in round numbers to \$15,-000,000,000.

Mr. JONES. That is right.

Mr. SMITH of Ohio. In view of the fact that national bankruptcy threatens, is it or is it not our duty if this bill is passed to have the amount secured fully by those assets?

Mr. JONES. I think it is absolutely our duty to have them secured and that this Congress should make the rule of conduct.

Mr. SMITH of Ohio. Would our aid to Britain be any less effective if it were covered with their assets than if it were not covered by those assets?

Mr. JONES. The aid would be the same.

Mr. SMITH of Ohio. Is there therefore any possible justification under the circumstance of threatening national bankruptcy for this Congress not demanding this security for the moneys being appropriated?

Mr. JONES. As I see it there is not.

For my part there are a great many things that need to be straightened out in our defense effort. We have been postponing putting any provision in appropriation bills with regard to racketeering on our defense contracts. We have waited for the committees of Congress to take action. To date those committees have not taken action and if this bill is passed providing \$7,000,000,000 for the aid-to-Britain program, the day is passed. The racketeers will have seven billion more to chisel.

What effect will the passage of this \$7,000,000,000 bill have upon the House? The effect that you see now, 27 or 28 Members on the floor of the House, when a \$7,000,000,000 bill is being debated? It is highly important that we maintain the morale of our Congress in this hour of crisis. If this is a sample of our morale, may God spare us.

If as a result of the passage of this bill and other appropriation bills having astronomical figures we lose interest in trying to cut out \$5,000, \$10,000, or even \$1,000,000 items, representing unnecessary functions of Government, then we are lost as a country. So long as we remain vigilant, so long as we remain careful and prudent in the expenditure of money, that long we will have careful and safe government.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield myself 30 minutes.

Mr. DITTER. Mr. Chairman, as a member of the committee which brings this bill to the House, I am forced to express my personal regret that so little information is available to the membership upon which to base an opinion of the measure. For the most part, the hearings on this bill were off the record, with the result that they appear woefully inadequate, especially in the light of the enormous amount carried by this appropriation and the further commitments which are entailed. A comparison of the

detail given to justify appropriations for departmental operations with that which is provided for in this bill, emphasizes the extraordinary methods which have been adopted in furtherance of the delegation of powers to the President.

I have listened to the debate here on the floor today. Little has been added other than glittering generalities to the little information given in the hearings. In almost every instance, inquiries have been answered by urging commitments of confidence to those who will carry out the program for which the funds are appropriated. We have had a feast of platitudes and a famine of facts and figures.

I believe the procedure which is being followed in making this appropriation to be a dangerous one. Despite the gravity of the present situation, I believe sufficient information should be available, not to a few men on the Appropriations Committee, but to the House as a whole, upon which it could determine the need for the funds which are sought and the purposes which they are intended to serve. The responsibility for this procedure rests with those who insisted upon the delegation of power to the President when the lend-lease bill was before us. The surrender is not being made today. The surrender took place when the sweeping delegations of power were made a few weeks ago. I opposed the delegations of power at that time. I am not reconciled to them today.

The argument has been advanced here today that the spirit of unity should prompt support of the bill irrespective of its merits. If that be the case, justifiable objection is no longer possible to that which is done by the administration in the conduct of the affairs of government. The role of the Congress would be purely perfunctory. I cannot bring myself to this point. I do not believe we have reached that state.

Nor am I in agreement with the statement made here today that the "time of partisan debate is gone." That declaration carries far-reaching implications. It would mean that the majority has completely absorbed the minority, or that the minority no longer had a place in this parliamentary body. I refuse to make either of those concessions. In fact, quite to the contrary, I believe that the stress and strain of critical situations require even a greater degree of alertness on the part of the minority than would be necessary under normal conditions. There is a vast difference between narrow partisanship and the objections which honest men may entertain on controversial issues. Too much has already been charged to those who have in good conscience been critical of administration policies. I submit, Mr. Chairman, any proposal which is so uncertain that it cannot withstand the searching examination of its critics hardly deserves the support of its proponents. If the "time of partisan debate is gone," then all issues on which men may have honest and intelligent opinions would be resolved in favor of those who are vested with the authority to plan a program and who possess the power to put such program into operation. Every reasonable restraint would be thrown overboard. Care and caution could be tossed out the win-

dow. Important decisions, especially far-reaching today in their consequences, would be dictated, rather than determined by debate and discussion. Nothing could be more destructive of the processes of self-government than the adoption of a policy designed to suppress freedom of debate in the House and to reflect unfavorably on the privilege of the minority to examine critically, to debate freely and to expose fully every proposal that is made by the majority.

I have already referred, Mr. Chairman, to the wide discretionary powers vested in the President in the authorization act which the present appropriation bill is intended to implement. I objected to the delegations of power at the time the authorization measure was before us. I still believe these delegations to be dangerous departures from the letter and the spirit of constitutional limitations. A plentitude of power heretofore undreamed of has been placed in the hands of the President by the vote of the Congress. That commitment has been made.

However, Mr. Chairman, limitations are frequently made a part of an appropriation bill, even after the authorizing legislation is enacted. The rules of the House make provision for such procedure. How the money is to be spent, where it is to be spent, and the surrounding circumstances under which it is to be spent are very properly matters for our consideration at this time. To make them a matter of our concern is not the act of an appeaser or an obstructionist. I intend to support certain amendments which will be offered for the purpose of retaining in the Congress some degree of control in line with its responsibility to the country.

A fund of more than \$750,000,000 is provided in this bill for the procurement of—

facilities and equipment, for the manufacture or production of defense articles, by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment.

This sum may even be increased under the section of the bill authorizing the President to transfer funds from one appropriation to another. It is not difficult to see what may be done with this fund unless some limitation is established. Sites may be acquired, facilities and equipment for manufacturing purposes may be purchased, and extensive plants may be maintained and operated anywhere in the world. Instead of a plant being located in one of our many industrial areas, giving employment to our own people, the President may embark on a manufacturing program—using funds provided for in this bill—anywhere, at home or abroad, that he deems advisable. I am at a loss, Mr. Chairman, to see the wisdom of granting such latitude—the risks involved are too great. It should be remembered that witnesses who appeared before the Appropriations Committee testified that it was not contemplated to carry on a program of this kind. If this be the case, no serious objection can be made to an amendment which would limit the expenditure for facilities, equipment, and plants to the United States and the Canal Zone. If America is to be the arsenal, as the President has said it should be, let the plants,

the facilities, the equipment be here—here at home—where we may have it at hand to use to the best possible advantage for our own benefit should an even greater need arise in the future than now exists.

Then again, Mr. Chairman, the possible complications which could develop by the emplacement of plants and facilities in other countries than our own should not be overlooked. The use of Federal funds, public money, for such purposes, is certainly revolutionary. Incidents of many kinds and of varying degrees of magnitude would be almost inevitable in the establishment, operation, and management of plants in foreign fields, to say nothing of the problems involved in their ultimate liquidation.

The representation has been made repeatedly that the purpose of the appropriation which we are considering is to promote our own national defense. It seems to me, Mr. Chairman, that the procurement of such security as may be available for the advancements which are to be made, if this bill is enacted, is in line with the expressed purposes of the measure. Financial stability is essential to defense. Every move that is made which will increase that stability is a move in the right direction. And, by the same token, every move in the opposite direction; every move which is made without regard to its ultimate effect on the financial stability of the Nation; every move which is made, as so many have been made, recklessly, heedlessly, thoughtlessly, of what the costs may be of a venture, impairs the strength and sturdiness so sorely needed in these days of peril.

We have been assured that the President intends to obtain in every way possible, security for the funds which are to be used as a part of the lend-lease program. Those who urge the inclusion of a limitation in this appropriation bill looking toward the very purposes which the President has said it was his intention to achieve, seek to discharge the obligation which we believe to be ours—the obligation which we believe to be our primary duty—to make secure the interests of our own people. In fact, we are taking the President's assurance at its full face value. What he has said he intends to do we seek to make a part of the law of the land. Certainly no serious objection can be raised to a limitation by which we would write into the law the very thing the President has said he will do—obtain security as available for the funds—for the property of the American people which will be used to carry on the new program. Let us buttress our defense with all available security.

The same assurance has been given by administration spokesmen in urging the passage of this appropriation bill as was emphasized when the authorization measure was debated here in the House. That assurance was and continues to be that the purpose of the legislation is the maintenance of peace.

I believe one item in the present appropriation bill is an extremely dangerous one to the peace of America. I believe that it invites possible difficulties. I refer to the appropriation for "testing, inspecting, proving, repairing, outfitting,

reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States." The President may never avail himself of the powers granted to him under this provision. It may be that he will avoid bringing possible combatants to our very doors. I hope and pray that caution will be exercised. No better way of aiding the President to be cautious could be found than to withhold the funds which may offer a temptation to abandon a course of caution by the repair of belligerent combatant vessels in our home ports.

Nor can we overlook, Mr. Chairman, the good faith which is due our sister republics here in the Western Hemisphere under the agreements made for the mutual security of the nations of the Americas. I believe the provision to which I am now directing your attention may be considered by these sister republics as a violation of the spirit and the letter of that agreement—as a breach of good faith. Surely bona fides dare hardly be swept aside in these critical days when so much depends on mutual understanding and confidence.

I hope these changes, which will be urged for adoption, will be incorporated in the bill. I believe them to be in harmony with the professed purposes of the bill which the present appropriation will implement. I believe they will further and not retard our own national defense, and in no material way reduce the type of aid which the American people wish to render to those who oppose the aggressors.

A very serious and a very searching responsibility rests with the President, as the passage of this appropriation bill appears to be certain. I have heard as you have heard the repeated declaration, repeated so often that it has almost become a trite expression, "I hate war." That declaration has been heard and accepted as a solemn assurance by millions of Americans. I repeat, Mr. Chairman, the very serious and very searching responsibility of making that pledge "I hate war" a realism rests, if this bill is passed, as it undoubtedly will be, solely with the President. All that he has asked for has been granted to him for the purpose of meeting the emergency. All that he has asked for has been granted to him for the purpose of keeping inviolate the solemn pledge upon which the hopes of America hang—to keep us out of war. God grant that their hopes will not have been in vain.

Mr. DITTER. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. JOHNS].

Mr. JOHNS. Mr. Chairman, as has been stated heretofore this afternoon, I think it is rather unfortunate that only a few Members are on the floor of the House when we are considering an appropriation bill involving \$7,000,000,000. Only a few years ago this would have run our Government for 7 years.

We are this afternoon discussing a big problem, and I am going to take a few minutes to point out what I think of the bill in order to go on record with the people of the United States, the people of the State of Wisconsin, and especially the people of my own district with

reference to the \$7,000,000,000 that we are about to give to somebody else.

Mr. Chairman, I voted for all the appropriations that the President of the United States has asked in the name of national defense for the United States, but I am not in favor of voting such a huge amount as \$7,000,000,000 to give to any other country. We could give a couple of billion dollars to Great Britain if they asked for it. It might be all right to give that amount to them, but when we ask the American people to give \$7,000,000,000 to a country with which we had to fight two wars to get our liberty, it is going too far, it is about time that we began to think something about America instead of a foreign country.

What is going to be done with the material for which we appropriated this money? Has any power on the other side threatened war on the United States? Has any power over there violated any neutrality act of ours? I have not heard anyone on either side of this House state that anybody has threatened the United States with war. I do not believe in sending our money, nor do I believe in sending our equipment 3,000 miles in order to have a war with somebody. That is just what this means. I went through the World War and I know something about the propaganda that was handed out at that time, and I may say that it was mild compared with the propaganda we are getting in the press today, over the radio, and in the theater. As was stated on the floor earlier this afternoon, it is a shame that the American people must be deceived in this way.

A great deal has been said about the securities that Great Britain has which it might give the United States. I would like to know whether any government has the power to take the individual savings that some of its citizens have invested in a foreign country and pledge them to another country as security on which to borrow money. The fact of the matter is we do not expect to have this paid back at all. This bill has been fixed up here in such a way that we will not get it.

I want to read part of Public Law No. 11, which is the lease-lend bill, and I hope the people of America will get this through the press, because it is very important:

The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory; and the benefits to the United States may be payment or repayment in kind or property or any other direct or indirect benefit which the President deems satisfactory.

That is very nice, because for 20 years we have been quarreling around with the country we talk so much about giving this money to trying to get back what we lent it in 1917 and 1918. We will not have to do that now. All the President of the United States has to do is to say that we have had our share of the benefit and he can cancel these obligations. That is the way it reads here.

I do not know of any reason at all why we cannot be fair with the American people and tell them the facts. The lease-lend bill is to lease and lend. That is what we are going to do. Under the bill we are considering now it is stated that

we are making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and "for other purposes." We talk about defense of the United States. In this bill we are asked to appropriate money to defend some other country, not the United States. We are not at war with anybody. No one has threatened war with us. But we are going to take \$7,000,000,000 that we ask the taxpayers of this country to pay and turn it over to England to defend that country.

The United States can defend itself when it becomes necessary to do so, and we do not need to go 3,000 miles to do it. The American people know that. It is unfortunate that we have this situation confronting us where we have actually talked ourselves into this war. It started in Chicago, it has been continuing ever since that time, and the American people know it. If you go out and talk to them you will find they realize it, but they have been propagandized until they are bewildered and confused. We are traveling at such a fast pace, spending so much money, that the people have lost morale, the Congress has lost morale, and we do not know just how soon we are going to be in serious trouble in this country. Whenever the American people say, "We are not going to furnish you any more money," then we are going to have serious trouble in this country, and we shall have a dictator who will tell us how much we are going to furnish and what savings of ours we must turn over to the Government.

I believe it is time for those who are still Americans and believe in America to get up and say so. I believe we should vote funds to defend our own country, and not give \$7,000,000,000 to some foreign country or countries. If we want to give them \$2,000,000,000, let us say so. Tell the American people we are going to give them \$2,000,000,000, and I will be very glad to vote for that, but I am not going to vote for any bill to give to any foreign country or countries \$7,000,000,000 of the American taxpayers' money. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 4050, the defense aid supplemental appropriation bill, had come to no resolution thereon.

LEAVE TO ADDRESS THE HOUSE

Mr. BEITER. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. DICKSTEIN], who had a special order for today to address the House, have that special order transferred to tomorrow. I make this request in his behalf.

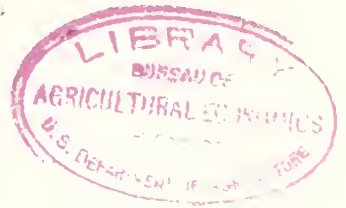
The SPEAKER. Is there objection? There was no objection.

EXTENSION OF REMARKS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my own

Mar. 19





77TH CONGRESS
1ST SESSION

H. R. 4050

IN THE SENATE OF THE UNITED STATES

MARCH 19, 1941

Received from the House of Representatives by the Secretary of the Senate,
under the order of the Senate of March 17, 1941, and referred to the Com-
mittee on Appropriations

AN ACT

Making supplemental appropriations for the national defense to
provide aid to the government of any country whose defense
the President deems vital to the defense of the United States,
and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That to enable the President, through such departments or
- 4 agencies of the Government as he may designate, to carry
- 5 out the provisions of An Act to Promote the Defense of
- 6 the United States, approved March 11, 1941, and for each

1 and every purpose incident to or necessary therefor, there
2 is hereby appropriated, out of any money in the Treasury
3 not otherwise appropriated, the following sums for the fol-
4 lowing respective purposes, namely:

5 (a) For the procurement, by manufacture or otherwise,
6 of defense articles for the government of any country whose
7 defense the President deems vital to the defense of the
8 United States, including services and expenses in connection
9 therewith, as follows:

10 (1) Ordnance and ordnance stores, supplies, spare
11 parts, and materials, including armor and ammunition and
12 components thereof, \$1,343,000,000.

13 (2) Aircraft and aeronautical material, including en-
14 gines, spare parts, and accessories, \$2,054,000,000.

15 (3) Tanks, armored cars, automobiles, trucks, and other
16 automotive vehicles, spare parts, and accessories, \$362,-
17 000,000.

18 (4) Vessels, ships, boats, and other watercraft, and
19 equipage, supplies, materials, spare parts, and accessories,
20 \$629,000,000.

21 (5) Miscellaneous military equipment, supplies, and
22 materials, \$260,000,000.

23 (6) Facilities and equipment, for the manufacture or
24 production of defense articles, by construction or acquisition,

1 including the acquisition of land, and the maintenance
2 and operation of such facilities and equipment, \$752,000,000.

3 (7) Agricultural, industrial, and other commodities and
4 articles, \$1,350,000,000.

5 (b) For testing, inspecting, proving, repairing, outfit-
6 ting, reconditioning, or otherwise placing in good working
7 order any defense articles for the government of any country
8 whose defense the President deems vital to the defense of
9 the United States, including services and expenses in con-
10 nection therewith, \$200,000,000.

11 (c) Not to exceed 20 per centum of any of the fore-
12 going eight appropriations may be transferred by the Pres-
13 ident to any other such appropriation, but no appropriation
14 shall be increased by more than 30 per centum.

15 (d) For necessary services and expenses for carrying
16 out the purposes of such Act not specified or included in the
17 foregoing, \$40,000,000.

18 (e) For administrative expenses, \$10,000,000.

19 (f) In all, \$7,000,000,000, to remain available until
20 June 30, 1943.

21 SEC. 2. If any defense article procured from an appro-
22 priation made before March 11, 1941, is disposed of, under
23 such Act of March 11, 1941, by any department or agency
24 to the government of any country whose defense the Presi-

1 dent deemed vital to the defense of the United States, the
2 President may transfer, from the appropriations made by
3 this Act to the appropriate appropriation of such depart-
4 ment or agency, an amount equivalent to the value (as
5 computed for the purposes of the \$1,300,000,000 limitation
6 contained in section 3 (a) (2) of such Act of March 11,
7 1941) of the defense article so disposed of, but not to exceed
8 in the aggregate \$1,300,000,000.

9 SEC. 3. Any defense article procured from an appropria-
10 tion made by this Act shall be retained by or transferred to
11 and for the use of such department or agency of the United
12 States as the President may determine, in lieu of being dis-
13 posed of to a foreign government, whenever in the judgment
14 of the President the defense of the United States will be
15 best served thereby.

16 SEC. 4. No part of any appropriation contained in this
17 Act shall be used to pay the salary or wages of any person
18 who advocates, or who is a member of an organization
19 that advocates, the overthrow of the Government of the
20 United States by force or violence: *Provided*, That for the
21 purposes hereof an affidavit shall be considered prima facie
22 evidence that the person making the affidavit does not
23 advocate, and is not a member of an organization that
24 advocates, the overthrow of the Government of the United
25 States by force or violence: *Provided further*, That any

1 person who advocates, or who is a member of an organization
2 that advocates, the overthrow of the Government of the
3 United States by force or violence and accepts employment
4 the salary or wages for which are paid from any appropri-
5 tion in this Act shall be guilty of a felony and, upon convic-
6 tion, shall be fined not more than \$1,000 or imprisoned
7 for not more than one year, or both: *Provided further,*
8 That the above penalty clause shall be in addition to, and
9 not in substitution for, any other provisions of existing law.

10 SEC. 5. This Act may be cited as the "Defense Aid
11 Supplemental Appropriation Act, 1941."

Passed the House of Representatives March 19, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

AN ACT

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

MARCH 19, 1941

Referred to the Committee on Appropriations

with the Government of Eire, so that needless suffering in the beautiful isle shall be averted. [Applause.]

EXTENSION OF REMARKS

Mr. LECOMPTE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein a concurrent resolution from the General Assembly of Iowa on the subject of reapportionment.

The SPEAKER. Is there objection to the request of the gentleman from Iowa [Mr. LECOMPTE]?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to include the contents from a few very brief letters in the remarks I expect to make this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. CRAWFORD]?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in two instances; first, relative to the passing of our colleague the late "Pi" Schwert of New York, and second, to include an address by a high school student in my district.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. CARTWRIGHT]?

There was no objection.

REGULATION OF WAREHOUSING, STORING, AND RECONCENTRATION OF COTTON HELD BY COMMODITY CREDIT CORPORATION

Mr. CLARK, from the Committee on Rules, submitted the following privileged resolution (Rept. No. 281), which was referred to the House Calendar and ordered to be printed:

House Resolution 149

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of S. 262, an act regulating the warehousing, storing, and reconcentration of cotton held by the Commodity Credit Corporation. That after general debate, which shall be confined to the bill and continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

PERMISSION TO ADDRESS THE HOUSE

Mr. HAINES. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. HAINES]?

There was no objection.

[Mr. HAINES addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. KEE. Mr. Speaker, I ask unanimous consent that my colleague the gen-

tleman from West Virginia [Mr. RAMSAY] may have permission to extend his own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. KEE]?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a letter from a constituent on the A. A. A. contract.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

Mr. DWORSHAK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial from the Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from Idaho [Mr. DWORSHAK]?

There was no objection.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a letter and resolution of the Wisconsin Council of Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. MURRAY]?

There was no objection.

[Mr. LEAVY asked and was given permission to extend his own remarks in the RECORD.]

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a memorandum written by Mr. B. C. Johnson, of Seward, Alaska, relative to the proposed change of the terminus of The Alaska Railroad from Seward, Alaska, to a point at the head of Passage Canal.

The SPEAKER. Is there objection to the request of the Delegate from Alaska [Mr. DIMOND]?

There was no objection.

Mr. SANDERS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a resolution by the Department of Public Service of the State of Louisiana.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. SANDERS]?

There was no objection.

Mr. DOWNS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article from the Stamford Advocate.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut [Mr. DOWNS]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a petition from the Ford workers.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the development of the waterpower and navigation project on the Savannah River.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

READING OF INAUGURAL ADDRESS OF THOMAS JEFFERSON

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent that on April 13, the anniversary of the birth of Thomas Jefferson, immediately after the disposition of matters on the Speaker's table and before the legislative program in order for the day is begun, a Member of the House designated by the Speaker may read Thomas Jefferson's first inaugural address.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include an article written by former Assistant Attorney General George R. Farnum.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

CALL OF THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 27]

Bloom	Jenks, N. H.	Rivers
Bolles	Jensen	Rogers, Okla.
Bradley, Pa.	Keefe	Satterfield
Buck	Kelly, Ill.	Schaefer, Ill.
Celler	Lea	Secrest
Collins	McArdle	Shannon
Culkin	McGranery	Smith, Wash.
Delaney	Mills, La.	Stevenson
Disney	O'Day	Sweeney
Domengeaux	Pace	Taylor
Gifford	Plauché	Thill
Healey	Ramsay	Thomas, N. J.
Heldinger	Rankin, Mont.	Wadsworth
Jacobsen	Reed, Ill.	

The SPEAKER. Three hundred and eighty-eight Members have answered to their names, a quorum.

On motion of Mr. WOODRUM of Virginia, further proceedings, under the call, were dispensed with.

READING OF INAUGURAL ADDRESS OF THOMAS JEFFERSON

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to modify my request that Jefferson's first inaugural address be read on April 13 so as to make it Monday, April 14. I find that the 13th is a Sunday.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. Mr. Speaker, when I was seeking recognition from the Speaker before the Chaplain offered prayer, I felt that there would be a call of the House and I thought it would be a good thing for all the Members to be here for once to hear the Chaplain offer prayer. What does the Speaker think about that? Would it be proper procedure for a Member to make the point of order that a quorum is not present before the Chaplain offers prayer?

The SPEAKER. As the Chair understands, it has been held many times that the prayer is not such business of the House that a quorum is required.

DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 4050) making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4050, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Under the special order, the time for general debate has expired.

Mr. TABER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Under the special order, it was agreed that this bill should be considered in the House as a general appropriation bill. Under that order, will amendments have to be offered at the end of each paragraph as it is read?

The CHAIRMAN. In the opinion of the Chair, under the special order that the bill be considered as a general appropriation bill, amendments would be in order at the end of each paragraph as read.

The Clerk read as follows:

Be it enacted, etc., That to enable the President, through such departments or agencies of the Government as he may designate, to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following sums for the following respective purposes, namely:

Mr. WIGGLESWORTH. Mr. Chairman, I move to strike out the last word.

Mr. WIGGLESWORTH. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, when the lend-lease bill was before the House I voted against it. The lend-

lease bill having been enacted into law after Nation-wide debate, I voted to report to the House the bill which is now before us to implement the foreign policy which the President and a majority of Congress have determined that the country is to follow, and I intend to support it on final passage.

I did not oppose the alleged objective of the lend-lease bill—namely, aid to England consistent with national defense and "short of war." I have favored that objective. I opposed the method proposed to assure proper aid to England.

I opposed it because of the enormous delegation of power to the President, including the power to participate from day to day, from week to week, from month to month, in the conduct of a war in which America is not a belligerent, including the power, without further recourse to Congress, to commit acts of war in behalf of, or against, any nation, or group of nations, anywhere in the world. I opposed it because of the belief that the delegation of power was unnecessary, dangerous to our form of government, and likely to plunge us, unprepared, into war. I opposed it because of the belief that full aid to England "short of war" could be easily provided on a credit basis in a manner preferable to England and without this tremendous delegation of power and assumption of responsibility and risk involved.

A decisive majority of Congress determined otherwise. When the bill returned to the House from the Senate it had received a commanding majority in both Houses. Its final passage was assured. Due to opposition in both Senate and House, however, amendments had been adopted in the Senate manifestly improving the legislation. The question presented to the House was the adoption or rejection of these amendments. I was glad to vote for them.

The lend-lease bill is today the law of the land. For better or worse America is committed to the foreign policy for which it provides. The question before us today, as I see it, is whether or not the pending bill is an appropriate measure to make that policy effective.

As the record indicates, witnesses before the committee in charge of this bill included Secretary Hull, Secretary Stimson, Secretary Knox, General Marshall, Admiral Ingersoll, Mr. Knudsen, Budget Director Smith, and other representatives of the War and Navy Departments. Some of the testimony appears as a matter of record in the hearings which you have before you. Much of the testimony, including detailed break-downs of the several items of appropriation, is not a matter of record, but is included in the confidential files of the Appropriations Committee.

The testimony establishes the fact, in my judgment, that substantially all of the appropriation requested will be required for expenditure or obligation during the fiscal year 1942. I shall vote for certain amendments to the bill which will be offered. I shall support the bill on final passage. The foreign policy to which we have been committed must either be made effective or sabotaged.

The total of \$7,000,000,000 carried in the bill is not the largest appropriation in

our history. It is, however, a tremendous appropriation. No one appreciates more fully than I the dangers of large appropriations at this time on top of the reckless expenditure, waste, and extravagance of the past 8 years.

It is fair to state, however, that the ultimate cost of this bill cannot be determined at this time. Under the terms of the lease-lend bill, the President is authorized to deliver articles of defense to Britain, or other nations, on such terms as he sees fit. The title remains in America until completion and delivery. Assurances have been given indicating that the President intends to make the best possible terms that he can make in each instance. Whatever he obtains by way of payment or collateral security may be deducted in the long run from the pending appropriation. The figures given by the gentleman from New York [Mr. TABER] in reference to British holdings in this hemisphere, British orders and payments to date and British plans for payment in the future are of interest in this connection.

It should also be emphasized that 95 percent of the articles of defense to be manufactured under the pending appropriation will be of such character that they can be utilized immediately by our own Army and Navy in case of necessity. In this case the pending appropriation would be clearly for our own national-defense purposes.

The details of the appropriation appear in the general classifications set forth in the bill itself and the detailed off-the-record break-downs furnished for the confidential files of the committee.

The record indicates that every item covered by this appropriation has been specifically requested by the British Government; that every item in turn has been considered by the departments or agencies directly involved and by the Bureau of the Budget; that all expenditures will be made through the normal channels applicable to articles of defense for our own purposes; and that the entire program will be subject to accounting in the regular manner through the General Accounting Office. Whatever deliveries are made to foreign governments must, of course, be reported to the Congress at 90-day intervals, insofar as compatible with the public interest.

Included in the program are new facilities, assuring the necessary productive capacity to complete the program within the specified time. As a matter of fact, the record indicates a productive capacity of something like four times the present program, if necessary.

The record also indicates the possibility of immediate deliveries, at the discretion of the President, with reimbursement out of the pending appropriation if made available.

The President has requested the enormous and unprecedented powers provided in the lend-lease bill. Congress, by a majority vote in both Houses, has given him these powers. This appropriation bill will implement the foreign policy which he has initiated. The full responsibility for the execution of that policy is in his hands.

The people have been led to believe that the policy is a peace policy, that it

will contribute to our national defense. I am confident that the Congress and the Nation as a whole fervently hope that the lack of progress of national defense in the past is no measure of its progress in the future and that America may, in fact, remain at peace and not be plunged, lamentably unprepared, into the present conflict. [Applause.]

Mr. MARTIN J. KENNEDY. Mr. Chairman, ladies and gentlemen, today we are considering H. R. 4050, a bill which provides for the making of supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

The various sums set forth in this bill amount to \$7,000,000,000, which is to remain available until June 30, 1943. The bill allocates certain sums, as follows:

- (1) Articles of ordnance, \$1,343,000,000.
- (2) Aircraft and essential parts, \$2,-054,000,000.
- (3) Tanks, automobiles, trucks, and so forth, \$362,000,000.
- (4) Vessels, watercraft, and equipage, \$629,000,000.
- (5) Miscellaneous military equipment, \$260,000,000.
- (6) Facilities and equipment for the manufacture or production of defense articles, \$752,000,000.
- (7) Agricultural, industrial, and other commodities and articles, \$1,350,000,000.
- (8) Miscellaneous, \$200,000,000.
- (9) For necessary services and expenses in carrying out the purposes of this act, \$40,000,000.
- (10) For administrative expenses, \$10,-000,000.

I voted against the passage of H. R. 1776, which, by virtue of becoming the law of the land, made necessary the appropriation bill we are considering today, H. R. 4050. I also voted against the motion to concur with the amendments to that bill which were adopted by the other body. I opposed this bill on principle and I opposed it because I sincerely believed that this country should not embark upon a program as contemplated by the provisions of the bill H. R. 1776.

I have always been a firm advocate of the supremacy of the United States and, throughout my entire legislative career, I have cooperated in every movement and supported every bill which had for its object the development of our country and the adequate military defense for our country. I am of the opinion that this Government has contributed greatly to the peace of the world by its fine example throughout the years of unselfishness and of devotion to the preservation of human rights. That example should be continued.

In July 1939, I went to Europe as a delegate of the United States to the Interparliamentary Union, which was held in Oslo, Norway. On the trip I visited Ireland, Scotland, England, Norway, Sweden, Denmark and Holland and, as a result of my visit and of my conversations with the citizens of these countries and with the delegates from many other countries, I was convinced that it would be wise and necessary for the Government of the United States of America to remain

aloof and apart from the European war which was then in the making.

Today, confronted with the necessity of making a decision as to whether I should vote for or against this appropriation bill, and having considered in the most painstaking and exhaustive manner all the factors involved, I have decided, difficult as it is for me, to vote for the bill. Undoubtedly the passage of this bill will require many readjustments in our social and economic order and will impose a serious tax burden upon an already overburdened people, but those problems can be met and will be solved. As a firm believer in the rule of the majority, I now bow to the will of the majority in casting my vote for this bill, and I propose to do everything within my power to cooperate with the President in making the legislation workable, effective, and instrumental in assuring the peace and security of our beloved country.

At this time I wish to compliment the majority leader [Mr. McCORMACK] and the minority leader [Mr. MARTIN], both loyal sons of the Commonwealth of Massachusetts. Last week, on the final passage of H. R. 1776, they made eloquent pleas for the enactment of the legislation and they pledged their personal effort, as well as their political strength, to the success of the measure. The Pilgrims who fled from England to escape religious persecution, who landed at Plymouth Rock and who now occupy a place in the eternal scheme of things, must have been pleased when they heard the speeches delivered by their descendants, the gentlemen from Massachusetts [Mr. McCORMACK and Mr. MARTIN], on the floor of this House. These leaders typified America in their speeches and the spirit of American charity by advocating all aid for Great Britain, to preserve the governmental structure of the British Empire.

At the last session of Congress, and again at this session, I introduced a resolution known as House Resolution 98, which provided for a committee to study the practicability of a plan for relief against starvation in Europe. The resolution also provided that, prior to the formation of such a commission, the Secretary of State procure from the present ruling governments in Europe commitments to the effect that food to be so distributed will not be given to any of the armies engaged in war, or to any of the peoples of a country actually engaged in war. I think that one of the greatest contributions this country could make to the peoples of the world would be the alleviation of suffering as a result of starvation. When you consider that there are more than 50,000,000 men, women, and children who are helpless and hungry, it seems our plain duty, motivated by humanitarian impulses, to do what we can to aid these unfortunate people. To me it seems futile to talk about saving the democracies while we permit the people of these democracies to starve while we have the means of feeding them.

I particularly direct the attention of the House to a statement that appears in today's newspapers in reference to the visit of Mr. Frank Aiken, Eire Minister

for Defense Coordination, who arrived here yesterday aboard the Yankee Clipper. To the reporters, Mr. Aiken is quoted, as follows:

"As you know," he told reporters, "we are short of foodstuffs in Ireland, but principally I am here to get arms. I want to get all sorts of arms and supplies, but the chief thing is arms."

I respectfully suggest to this Congress and to the President of the United States that the plight of Ireland and the Irish people should receive consideration at our hands. Under the terms of bill H. R. 1776, the President has unlimited power and discretion and I make this public appeal to the President to do something to aid Ireland in her present dilemma. This small country, which has always been in the forefront of every campaign for the preservation of democratic ideals and of the democratic way of life, should not be permitted to suffer because of its unfortunate geographical position. On one hand, there are demands by Great Britain for bases in Ireland and on the other hand there is a warning from Germany of complete destruction if Ireland surrenders these bases to England. Ireland will be damned if she does not comply with the demands of Great Britain for bases and she will be damned by the Axis Powers if she does comply with England's demands. Regardless of the merits of the controversy, it is the plain duty of this country and of our President to aid in every possible way the people and the Government of Ireland. Their representative comes not with hat in hand asking for something for nothing, but he comes ready, willing, and able to pay for foodstuffs and the necessary military equipment for a proper defense of Ireland.

On several occasions, I addressed this House to emphasize the necessity of peaceful relations with the other countries of the world and I have also used every parliamentary means at my disposal to delay the passage of H. R. 1776 until such time as every hope for the establishment of world peace had been exhausted. Today, I wish to conclude those remarks with a fervent prayer that this Government will use its influence and prestige to bring about, at the earliest possible moment, a just and lasting peace among the warring nations. [Applause.]

By unanimous consent of the House, I am including, as part of my remarks, the following editorial which appeared in the Daily News of New York City on March 18:

THE PEOPLE ASKED FOR IT

We reread with great interest the speech which President Roosevelt delivered at Washington Saturday evening at the White House Correspondents' Association dinner and to a world-wide radio audience.

As we reread the speech, we kept reflecting that there are a lot of Americans around the country to whom this speech must have sounded extreme, idealistic, and too much like the early months of 1917 for comfort.

It was a speech heavily loaded with early 1917-style idealism. The President is calling the United States, seemingly, to an all-out crusade for democracy and against dictators. We think he sincerely hopes to avert an actual state of complete warfare, but we don't see how he can.

The British Government is building up a case for a request for some kind of convoy service to be performed by United States Navy ships. We can't foresee that request being refused, if the British make it urgent enough.

When and if United States Navy vessels go into convoy service, we look for the United States to find itself actively in the war not long thereafter.

This crusade may take a lot of our young men to far places to fight, and a lot of them may not come back unless in pine boxes. If the British ultimate war aim is to pulverize Germany this time, we think a bigger A. E. F. than last time will be necessary.

However, though a lot of Americans must have felt as above outlined about the President's speech, we're convinced that more Americans felt the opposite way about it. It was the kind of speech the majority of Americans have been asking for since shortly after this war began.

The President has said much the same thing several times, though never before last Saturday evening so vigorously or explicitly. And the majority of Americans have O. K.'d those Presidential remarks.

Mr. Roosevelt was nominated for a third term by almost the unanimous vote of his party's 1940 convention. He was reelected by a popular vote of about 27,000,000 to 22,000,000 for Mr. Willkie in a completely fair election. There was no funny business in it.

Soon after his third inauguration he submitted H. R. 1776 to Congress, a bill giving him virtually the powers of a wartime dictator. The bill was fully and fiercely debated from all angles in Congress, over cracker barrels, in the press, and on the radio. Having been so debated, it was enacted by 60 to 31 in the Senate and 317 to 71 in the House, practically as the President wanted it in the first place.

The President has these dictatorial powers now, and obviously intends to use them; and we can't see what Americans can do about it except to stand by the President, who now is the Government. Until the present expiration date of June 30, 1943, or in the now unlikely event of congressional repeal of the law before that date, the President is the big United States boss as regards the European and Asiatic wars. We can see no getting around that.

Whatever some Americans may feel in their hearts about this war dictatorship, though, there is one proposition on which we believe all Americans should agree.

That is the proposition that this country must arm to the teeth, and as fast as it can.

Whether you endorse or distrust Mr. Roosevelt's idealism about democracy around the world, there is no denying that the dictators will destroy our arsenal of democracy if they can. They'd be foolish not to try to destroy us by every means in their power, now that we've elected ourselves such arsenal and gone into all-out production for Britain, Greece, China, etc.

The time has gone by for fooling around. We can't build too soon an Army of about 1,500,000 highly trained and superbly equipped fighting men, an air force of some 50,000 planes, and a two-ocean navy. We've got to hang together and work together, or else.

And we think we'll soon have to restore to our editorial masthead Stephen Decatur's "Our country! In her intercourse with foreign nations may she always be in the right; but our country, right or wrong."

Mr. COURTNEY. Mr. Chairman, there has already been so much debate on this resolution that nothing new remains to be said, and all that I say will be wet with the dew of other minds. The convictions of my people on this subject, however, and mine, are so strong that I do want to make them a matter of record. Seven billion dollars, by usual

estimate, is a staggering sum of money, but when measured by results to be obtained, objectives to be reached, and ideals to be preserved it may be trifling almost in significance. Is \$7,000,000,000 too much to expend to insure that democracy may survive in the world? Is it too much to offer that men everywhere may worship as their hearts and consciences dictate and demand? Is it too much to set apart that freedom may prevail on earth rather than abject and cowering slavery? Is it too much to set up to guarantee that war with all its attendant horrors shall be kept from our hemisphere and that our people be free from the fear of foreign invasion? As we speak here today, China, ill clad, starving, its government poor and impoverished in arms and munitions, is almost in its fourth year of heroic resistance to the cruelty and despotism of Japan, mighty in all the materials of war.

Greece, without preparation and with little material, is imposing the naked breasts and hearts of her soldiers to the modern war machines of Italy with a stoic bravery that is worthy of the traditions of Thermopylae.

Great Britain, the ancient seat of democracy and the mother of parliaments, stands firm, undaunted, and unafraid amidst hail of bombs and sheets of raging fires. As her people clean the debris of shattered homes and churches and hospitals, bury their dead women and children and helpless civilians, from the highest lord to the humblest menial, their only thought is to carry on to a day of victory and peace for the world, when dictatorships will be dead forever and their leaders brought to bar for their unspeakable crimes.

As we think of all these people and our common stake with them, I say that seven billion, and twice seven billion, if necessary, is not too much to wager on their success.

These are some of the reasons that I am for this appropriation, to which may be added a strong additional reason—its approval by the Committee on Appropriations, composed of some of the ablest and most conservative Members of our body.

But frankly, all these reasons aside, I would be for it because it is the amount determined and asked for by the President. I do not mean to say that I am a "rubber stamp," for I think that every man should exercise the right to follow his own judgment. I believe the President has been right in all the great fundamental policies that he instituted, but in the 2 years that I have been here I have differed with him in some instances and voted accordingly. But this is a time of great emergency, and this sum is set by Franklin D. Roosevelt as necessary, not only as President but as Commander in Chief of our Army and Navy, after consulting with his military and naval experts. The job might be done with less, but again it might not, and this is the time, in hunting parlance, to close the eyes and shoot both barrels.

And may I impose a little further upon the time of the House to say just a word about this President and Commander in Chief of ours, against whom I heard considerable criticism levelled yesterday?

In 1933 as some one has aptly said, "distress and foreboding were in the hearts of men and their fondest hopes had turned to ashes in their hands. Banks without number had failed, bankruptcies had multiplied and among the wage earners of the country one in every seven had joined the ranks of the unemployed. Famine and hunger stalked in the market places and a brooding fear paralyzed thought and action in the industrial, financial, and political world."

It was in such a setting that he came into office. Just before he took the oath required, he repaired to a little nearby church to pray and ask God's guidance in the great task that confronted him. I am no mystic, perhaps not as religious and reverent always as I should be, but as he sat there, and as the gray light of that somber morning filtered through the naked branches outside, down through the stained-glass windows and played upon the altar itself, I think God spoke to him as truly as in other days men said he whispered to Joan of Arc beneath the giant trees in Domremy's forest and told her to set her country free.

And as he left his moment of prayer and moved on to formal ceremonies of inauguration, I can almost see him now, broad shoulders squared, a look of confidence on his face and the light of spiritual determination burning in his eyes.

And from the day he took the helm of our ship of state and put his strong hand to the rigging we learned the truth of that old adage:

One ship drives east and one drives west,
with the selfsame winds that blow,
Its the set of the sails and not the gales
that tell us the way we go.

And in the early years of his administration by the legislation and policies he proposed, he brought this Nation from desperation and despair to prosperity and security and happiness.

I heard his speech of last Saturday urging passage of this measure criticized here on the floor yesterday. To my mind it was the sincerest and strongest argument I ever heard addressed to any proposition. As I heard his voice, strong, vibrant, and confident as always; as I saw his head, erect and unbowed by the tremendous burdens he has borne throughout these perilous years, I said to myself that on that inaugural morning last January when before entering upon this term, he went into that same little church to pray for guidance in times more fraught with peril and danger than ever before, as a bright sunlight poured through the church windows this time upon the holy altar, with its candles and cross, God spoke to him again and it is under His guidance that he plots a course this time to save civilization with all its ancient heritage, to save religion and all the sacred and holy things associated with it; yes, to save a world from ruin, destruction, and utter despair.

And I believe that every Member of this House and the American people as well, are thankful to have as President and Commander in Chief in these hours one whose leadership here is as inspired and inspiring as that of Winston Churchill in Britain. [Applause.]

Mr. DIES. Mr. Chairman, I move to strike out the last three words and I ask

unanimous consent, Mr. Chairman, to proceed for an additional 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, reserving the right to object, and of course I shall not object, the gentleman will be able to conclude in 10 minutes?

Mr. DIES. Yes.

The CHAIRMAN. The gentleman from Texas is recognized for 10 minutes.

Mr. DIES. Mr. Chairman, for almost 3 years, our committee has been calling the attention of this body and also the attention of the entire country to the insidious and treasonable nature of the numerous subversive organizations which operate on American soil. We have pointed out the aims and methods of scores of organizations and thousands of individuals who give their allegiance to the dictators of Russia and Germany. We have shown by indisputable proof that the agents of the totalitarian powers are busily engaged in a vast conspiracy against the security of the American people. We have named names without fear or favor. We propose to continue along that line until every agent of Moscow and Berlin is driven from the strategic position which he may occupy, whether that position be in government, in labor unions, or in our defense industries.

Today, I bring to the attention of this House a case which illustrates the peril that America faces, a peril created by the agents of Stalin who have been so tenderly coddled in days that are not remote. Today the mask is off. Even the most gullible of our citizens can no longer entertain the stupid illusion that Communists are progressive. They are exactly what our committee long ago declared them to be: Members of a foreign conspiracy, masked as a political party.

At Inglewood, Calif., today, there is a strike in progress at the Harvill Aircraft Die Casting Corporation. This plant is an essential defense industry. On its products the aircraft factories of the entire Pacific coast depend. It is a real bottleneck for the whole aircraft industry. Aircraft concerns such as Douglas, North American, Lockheed, Consolidated, Vultee, Boeing, and Northrup are absolutely dependent upon the airplane parts which are produced at the Harvill plant. The Office of Production Management has announced that its schedule of aircraft production for our own national defense and for the aid-to-Britain program must be scaled down as a result of the strike now in progress at the Harvill plant. It is, therefore, impossible to exaggerate the importance of the situation which I shall describe for you.

The strike at the Harvill plant is being led by one Kenneth Eggert. Until recently Kenneth Eggert was the section organizer for the Communist Party in Toledo, Ohio. Our committee has his complete record of activity as a leader of the Communist Party in Ohio. I give you a part of that record:

On January 14, 1938, the newspaper of the Communist Party, the Daily Worker, announced that Ken Eggert, Toledo section organizer of the Communist Party, would be the main speaker at a Lenin memorial mass meeting in Canton, Ohio.

On March 17, 1938, the same Daily Worker announced that Kenneth Eggert appeared before the authorities of Toledo as a representative of the Communist Party, and that he was accompanied by a representative of the American League for Peace and Democracy.

In March of 1938 Ken Eggert wrote an article on how to organize the Communist Party in our factories. His article appeared in the Communist Party's official publication, the Party Organizer.

On June 21, 1938, the Daily Worker stated that Kenneth Eggert presided at a mass meeting in Toledo at which Earl Browder addressed an audience of 2,500.

The police records of Toledo show that Kenneth Eggert was arrested on November 18, 1939, for the unlawful distribution of Communist Party literature.

Having made clear that there is not the slightest doubt about Eggert's membership and prominent activity in the Communist Party, let us now turn our attention once more to the strike which Eggert is leading at the Harvill plant in Inglewood, Calif. A few weeks ago the Communist Party released Eggert from his duties in Toledo and sent him to California for the express purpose of sabotage of our national defense. It is a hard and fast rule of the Communist Party that its members, to say nothing of its leading functionaries, are not allowed to move from one part of the country to another without the express permission of the Communist Party. It is true that Eggert appeared in California as the representative of the C. I. O.'s National Association of Die Casting Workers, but every Communist's first loyalty is to his party. His labor union, if he belongs to one, is merely a cover for his Communist activity. We are therefore on absolutely solid ground in asserting that Eggert was sent to California as the representative of the Communist Party. The party realizes that its objectives are to be attained in this critical period not by the distribution of literature, lawful or otherwise, but by intensive work in labor unions, where they can sabotage the whole defense program of this country.

It is the Communist Party's position that the war in Europe is an imperialistic war and that Great Britain bears the major responsibility for this war. Eggert was arrested in Toledo for the unlawful distribution of a pamphlet written by Earl Browder. I hold in my hand a copy of that pamphlet. It is entitled "Stop the War." On page 14 of this pamphlet Browder declared that—

The responsibility for continuing this war lies, before all, upon the British and French imperialists.

The pamphlet reeks with the stench of Browder's subservience to Stalin and the Soviet Union. In the course of 10 pages Browder referred not less than 34 times to the Soviet Union. The sum and substance of all these references is that the Soviet Union is the final paradise on earth.

Kenneth Eggert was engaged in distributing this pamphlet in Toledo. The effects of such propaganda may be held

to be trivial. But in Inglewood, Calif., Kenneth Eggert is engaged in the sabotage of our whole defense program for which this House is appropriating billions of dollars. That is not a trivial matter. It raises an issue which has now become the most important which this country faces. Are we to flounder in the incredible folly which destroyed France—the folly of permitting the agents of Stalin and Hitler to occupy strategic positions in our defense industries?

Our country has determined upon a policy of all-out national defense and all-out aid to Britain. The policy of the Communist Party is diametrically opposed to our national policy. The issue is clearly drawn. For 3 years I have warned this House and the country. I can do no more. The time for determined action was here long ago. Further delay on the part of this administration in meeting the challenge which Stalin and his agents have laid down will spell disaster.

The Inglewood, Calif., strike is a mere foretaste of a vast program of sabotage which the Communist Party and Nazi groups are now carrying out.

And may I say, in conclusion, that I have again urged the Department of Justice to proceed against Communist, Nazi, and Fascist organizations for their failure to register as agents of foreign principals. Our committee has ample evidence to sustain a conviction of numerous of these organizations. We are anxious to appear before a grand jury to submit this evidence and to bring the issue to a conclusion; and through a fearless administration of our laws and through a courageous enforcement of those laws, I can say confidently to the House that many of these organizations, and literally hundreds of the officers of the organizations, can be convicted under existing laws. [Applause.]

[Here the gavel fell.]

Mr. RANKIN of Mississippi. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to proceed for an additional 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, reserving the right to object, and I shall not object, I simply want to say that we wish to extend every courtesy to the membership and give them every opportunity to speak, but we are anxiously watching the time, and we must pass this bill early enough this afternoon for it to go over to the other end of the Capitol. So I hope the gentleman will cooperate with us to that extent.

Mr. TABER. Mr. Chairman, I wonder if we could close debate on this paragraph at the end of the gentleman's remarks.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph end at the expiration of the gentleman's time.

Miss SUMNER of Illinois. Reserving the right to object, Mr. Chairman, is there another paragraph on which someone may get 5 minutes?

Mr. WOODRUM of Virginia. There are plenty of them, I may say to the gentleman from Illinois.

The CHAIRMAN. The request applies only to this particular paragraph. Is there objection to the request of the gentleman from Virginia?

There was no objection.

DECENTRALIZING DEFENSE INDUSTRIES

Mr. RANKIN of Mississippi. Mr. Chairman, there is no question about the passage of this bill. It will probably carry by 2 to 1.

But I want to register my protest now against the concentration of these defense industries and these defense activities in certain areas of the United States to the exclusion of other sections.

I want to protest against concentrating these new industries into the already overcrowded industrial centers of the North and East to the exclusion of the agricultural States of the South and West.

This not only throws the entire defense program out of gear, but it throws the economic situation out of balance—to crowd these industries into one section of the country and to pay the wages all out of line with agricultural incomes and leave the agricultural States in the economic depression they are now experiencing as a result of crop failures and the low prices of agricultural commodities. These defense industries should be decentralized and distributed throughout the whole country. To centralize them in the already congested areas would not only be unfair, but it would probably be disastrous in the end, just as is the case in the congested centers overseas.

I especially want to protest against leaving the Gulf States unprotected. For more than 15 years I have advocated an adequate and an independent air force. This is an air war, and I agree with those men who contend that the airplane is the leading war weapon of today and of future wars. Yet we are seeing these industries crowded into the already overcrowded sections, and the most vulnerable part of the United States left unprotected or very poorly protected, and that is the South Central or the Gulf States.

We are legislating to protect the American people, to protect this Nation now and for all time to come, and I want to insist that if you will put these industries in the South where, as the Negro says, "We aint got no furrin relations," and just take off some of the Federal restrictions, the southern people will protect them, and you will not need any other defense against the Communists, the Nazis, and Fascists who are now trying to wreck the whole program.

Where is the vulnerable part of this country if we are to be invaded or threatened with invasion? It is the Gulf coast, where the last invasion occurred. Long before the airplane was invented, when Winchester had been defeated in the North, when this Capitol had been sacked and burned, where was the next point of attack? It was the invasion of the Gulf coast at or near New Orleans in 1814. Today that great coast line is practically undefended. It is within reach of a dozen foreign countries.

It is within easy reach by air of every island in the Caribbean Sea. Many of

those islands are under foreign flags, and I am not revealing any secret when I say that many of their people are extremely hostile to the United States. It is but 1 hour or 1½ or 2 hours' flight at the outside from those islands to the Gulf coasts of Mississippi, Alabama, Louisiana, Texas, and Florida. It is only a short distance across from Central America, and where we know that "fifth columnists" are teeming, and where air bases may be secured by foreign powers. Yet we have very few air bases in the South.

We are within easy flying distance from South America, one country of which has always been more or less hostile to us, and in which a dictator is now rising on his opposition to the Government of the United States.

Mr. PITTINGER. Mr. Chairman, will the gentleman yield?

Mr. RANKIN of Mississippi. Yes.

Mr. PITTINGER. Has the gentleman any suggestion to make as to what the War Department and the Navy Department are doing to meet this problem?

Mr. RANKIN of Mississippi. Yes. They are not doing what they should, and that is the reason that I am complaining.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. RANKIN of Mississippi. Yes.

Mr. EBERHARTER. My idea has been that there have been more new air bases established in the southern part of the country than in any other section of the country. All down through the Caribbean area and in Florida many new bases have been established, in Mississippi and Georgia.

Mr. RANKIN of Mississippi. Oh, there are only two in the whole State of Mississippi.

Mr. EBERHARTER. And more than have been established in the northeastern section of the country.

Mr. RANKIN of Mississippi. Oh, there are only two in the whole State of Mississippi, and if we should witness an attack from that source it would be a very serious thing.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. RANKIN of Mississippi. Yes.

Mr. CRAWFORD. I congratulate the gentleman on making this observation. Is it not also true that Chester Davis, a member of the Board of Governors of the Federal Reserve System, has carried on a fight for months to get these things decentralized, these plants placed in the agricultural areas, and has not the fight grown so hot that he is actually leaving the Board and taking the presidency of the St. Louis Federal Reserve Bank?

Mr. RANKIN of Mississippi. Yes; he made a speech the other day in which he pointed out these conditions and called attention to the dangers of leaving these defense agencies concentrated in the congested areas of the country and to the danger of leaving the Gulf coasts exposed.

Mr. BROWN of Ohio. But does not the gentleman realize that the Thirty-seventh Division of Ohio is encamped in Mississippi, the best fighting men in the world? He does not need anything else,

Mr. RANKIN of Mississippi. And let me say to the gentleman from Ohio that while I realize they are good soldiers, we need the strongest air force in the world to protect them. France had a great army, but her tank and air forces were inadequate. Hitler took less than 150,000 men with a supply of tanks and planes and defeated an army of more than 4,000,000 men.

If we should get into this war, and if Great Britain should go down, and if her commerce should be swept from the seas, and we were to be invaded along the Gulf coasts, what would those Ohio troops do without an adequate air force?

I remember when Gen. Billy Mitchell sank the *Ostfriesland*, the largest German battleship captured in the World War. He sank it with three shots. Yet we went on from year to year without building an adequate air force. It is the pressing need of the country today.

Let me say to the gentleman from Ohio that the people of the South have no patience with communism, nazi-ism, or fascism. They are Americans; but they realize that if that great section is left exposed it might bring disaster.

Mr. BROWN of Ohio. And may I also remind the gentleman that we would have had no airplanes if an Ohio gentleman had not invented them.

Mr. RANKIN of Mississippi. He had to go south to make it work.

But it is immaterial who invented the airplane. I recognize the airplane is a real fighting force, but there is serious doubt in the minds of many well-informed people whether or not this war will not reach a point where it will be impossible for our vessels to cross the Atlantic Ocean. Then, suppose England should go down and her navy should succumb to the air forces of Germany, and their "fifth columnists" should array some of these countries in South or Central America or some of the islands in the Caribbean against us, what condition would we be in then? It would be too late to rush airplanes from New England to Florida or even from Ohio to Louisiana. What we want is to decentralize these industries and to provide an adequate air force to protect every section of the country at all times. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired on this paragraph.

The pro forma amendments were withdrawn.

The Clerk read as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,343,000,000.

Mr. LAMBERTSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAMBERTSON: On page 2, line 12, strike out "\$1,343,000,000" and insert "\$959,285,814."

Mr. LAMBERTSON. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. LAMBERTSON. Mr. Chairman, I am making the motion here which, in substance, will be the motion to recommit. This is reducing this item two-sevenths. If this is successful I will make it to each of the succeeding paragraphs and on recommitment to reduce the total amount from \$7,000,000,000 to \$5,000,000,000. I am not opposed to aid for England but this bill is too big and if it is not reduced I expect to vote against the bill.

Mr. Chairman, here are the hearings on this \$7,000,000,000 bill. They equal \$100,000,000 to each page. Here are the hearings on the Department of Agriculture appropriation bill, with which I had something to do. Those hearings lasted over a month. That calls for \$1,000,000,000. One of these pages costs only about \$500,000. We have had short hearings. There has not been a great deal of time given to this bill to date. Seven billion dollars. My point is that \$5,000,000,000 will do to start this thing. I want to remind the House of the dozens of times you have all heard the gentleman from Virginia [Mr. WOODRUM], chairman of the subcommittee, say to the House on other occasions, "This is enough now. We will be here. We will be here and you can come back again if it is necessary."

Now, we are going to be in session right straight through probably this whole calendar year. There is no question about that. If England needs more than \$5,000,000,000 she can come back here just like our different departments of defense are coming back for more. So I say that \$5,000,000,000 is enough to start this program. It is more than any Member of the House anticipated would be asked when the lease-lend bill left this chamber. There cannot be any objection to that. Then to carry the inference that this is all that we are going to appropriate for England in this war is false and misleading. Nobody believes it. What is the difference between \$7,000,000,000 and \$5,000,000,000? Only a saving of \$2,000,000,000 and showing our authority a little bit on this appropriation bill.

We are bringing in the fifth supplemental appropriation bill on Friday. We have had five supplementary appropriations since last June for ourselves. There is no reason why we should treat England, on a new proposition, any different from what we are treating our own, because we are not taking it for granted that our own are through. We will probably have some more of our own before long.

Then, as I pointed out yesterday, Congress holds the purse strings, as it was emphasized to us. I think it is important for us to show that we do hold the purse strings and that we will cut this a little bit on the general proposition that we are exercising our individuality and that it can stand a cut, because it is more than we anticipated.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. JENKINS of Ohio. Another argument in favor of the gentleman's amendment is this: It was brought out very strongly that there might be a fair

chance of having England put up about \$5,000,000,000. If she puts up \$5,000,000,000, then we can say to the world that we have only advanced to Great Britain what she can reasonably pay for and which is enough at this time.

Mr. LAMBERTSON. It is a well-known fact that after the lease-lend came into existence, Britain did not spend any of her own money buying the stuff we had provided for her to buy but waited because she knew we were going to give her this. She has not acted in good faith with us even on what she has in this country to offer as collateral, or in South America.

Mr. RICH. Will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. RICH. Do you think the membership of the House knows what \$7,000,000,000 really amounts to?

Mr. LAMBERTSON. They may know. I do not know. What I would like to emphasize again is, I cannot get it straight in my system, following these same leaders on this proposition, who have told us that the national credit was about to break, when we were considering some hundred thousand dollars for grasshoppers or something of a similar degree in other years. And I believed it, and I followed them, and I felt that our national credit was in danger. But now these same men do not cross a "t" or dot an "i" on \$7,000,000,000 to England, as if our national credit was not involved.

They talk as if our national credit were boundless. Why is it not involved just the same with our own defense, this thing of giving England \$7,000,000,000? That is what it is going to be. That is another one of the misleading arguments used on the lease-lend bill, for we do not intend ever in victory or defeat to collect a dollar of it back.

Another thing in this country that is costing us a lot of money but that is being winked at, is the millions of dollars lost every day through labor racketeering in defense. We heard today how strikes in this country had increased the unemployed four times since January; in other words, the number of men striking in national defense today is four times what it was in January. Yet the same guiding force that is so enthusiastic to give England \$7,000,000,000 at once is not turning the hand to correct this thing that is loose in this land costing millions of dollars every day through this unregulated labor racket in our national-defense effort. We ought to have as much courage on that. It will take more courage on the part of the leaders to take hold of that and save that waste than it does to give \$7,000,000,000 in one lump to England.

Mr. SHAFER of Michigan. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. SHAFER of Michigan. Is it not true that we are more threatened from within today than we are from without?

Mr. LAMBERTSON. Absolutely. I have thought so all the time, that we are in greater danger from within from the things talked about by the gentleman from Texas [Mr. DIES] a few minutes ago—the subversive influences and their auxiliaries, than we are from Hitler; and

in my opinion it will be that way for awhile.

If we could save \$2,000,000,000 on this bill right now we have a lot of places to put it. There are many future obligations that will have to be met, there are many hungry people all over the world who would like to be fed, and we have people in this country who would like to feed them. That would take a great amount of money, and under our way of living, feeding those starving peoples is a sort of obligation upon us. There are a great many places we could put the \$2,000,000,000 if we cut it off this bill today.

We have not started yet in the matter of paying the cost of the present situation. As a matter of fact we have not yet reached the peak of expense of hospitalization growing out of the last World War. I say we have many places where we could put \$2,000,000,000, and I do plead for this amendment and for support of the motion to recommit which will come later, so that we can break down this psychology that we are in this war and that we have to go along, that we cannot stand up and articulate as we used to. Let us assert ourselves to try to get away from the psychology that we are in the war. Let us not accept that fatalistic attitude. I hope you will vote for this amendment whether or not you vote for the bill.

We are even voting to cut down our own national defense needs. Over the protest of our military leaders we cut one item in the bill that will be reported Friday to the extent of \$1,300,000 for our own defense. If we dared do that to our own defense why do we not dare cut England's bill a little? Whether you vote for this bill, vote for this amendment and reduce the amount. England would have a pretty good start if she got \$5,000,000,000. Such a vote would be to our credit. The Congress should stand up and articulate a little as they said we could when the lease-lend bill was passed. If you believe we should act independently then give us your vote to reduce this two-sevenths with the idea that we have many needy places to put this money in our own country. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments do now close.

Mr. RICH. Mr. Chairman, I object.

Mr. POWERS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, seldom am I in disagreement with my genial and able colleague from Kansas, but I am now very much in disagreement with him on this particular proposition of cutting this aid-to-Britain bill.

Mr. Chairman, it was my privilege to sit with the members of the deficiency subcommittee of the Appropriations Committee during these hearings. They were gracious enough to invite me as the ranking minority member of the War Department Appropriations Subcommittee to sit with them. I heard the entire testimony on the bill. I questioned witnesses at considerable length. Most of my questioning and most of the answers

are not on the record because the questions and the answers were of such a confidential nature that it is probably better they are not on the record; but, Mr. Chairman, I am thoroughly and absolutely convinced that this \$7,000,000,000 appropriation should pass. It should not be reduced. We have definitely adopted a policy of aid to Britain. Neutral or unneutral, whether you like it or not, that is now our policy. The \$7,000,000,000 was arrived at by a careful analysis of figures presented to the committee by the Director of the Budget and others. The various items were broken down into categories so that we were all convinced that everything being purchased is necessary for a British victory.

Mr. Chairman, if this bill is not passed for the total amount, it will mean that shortly another bill will be brought in here for passage in order to make up the difference. If the bill should be defeated, and I know it will not be, it will only be a matter of time until our appropriations will probably be quadrupled because of our lack of timely financial aid to Britain.

The deficiency subcommittee of the Appropriations Committee has done a magnificent job and I congratulate the chairman of that subcommittee, the gentleman from Virginia [Mr. WOODRUM], and the ranking minority member, the gentleman from New York [Mr. TABER], on their fine work. I sincerely hope and I honestly believe that this bill will pass for the full amount of money recommended by the Appropriations Committee. Time is of the essence.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. RICH. Mr. Chairman, reserving the right to object, this is a very, very important bill and the membership of the House should have the right to say a little something in reference to the bill as we proceed. For the life of me I cannot see why we have to shove this bill down the throats of those who do not want it. We ought to have a chance to say something.

Mr. WOODRUM of Virginia. Mr. Chairman, in view of the eloquent appeal to the gentleman, I amend my request and unanimous consent that all debate on this paragraph and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. O'CONNOR. Mr. Chairman, I would like to have 5 minutes.

Mr. JONES of Ohio. Mr. Chairman, I object.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 30 minutes.

The motion was agreed to.

The CHAIRMAN. In order that there may be no misunderstanding, the Chair will say that the time will be divided among the following Members: Mr. O'CONNOR, Mr. AUGUST H. ANDRESEN, Mr.

CRAWFORD, Mr. RICH, Mr. JOHNS, Mr. JONES of Ohio, and Mr. WOODRUM of Virginia. That will be 4 minutes apiece for the gentlemen who have asked for time.

The Chair now recognizes the gentleman from Pennsylvania [Mr. RICH], a member of the committee.

Mr. RICH. Mr. Chairman, we are mighty glad to get even 4 minutes, if we cannot get 5, in opposition to this bill, or at least to amend it.

This is not a partisan bill, Mr. Chairman, and may I say right here that I will fight a Republican just as soon as I will fight a Democrat when I know a bill is not the kind of a bill that ought to be brought before the House of Representatives. It makes no difference to me. We have a conscientious duty to perform here and each Member has to perform that duty as he sees it. He is held accountable for his actions and his vote.

As stated by the gentleman from New Jersey [Mr. POWERS] this bill was recommended by the Bureau of the Budget and certainly the Bureau of the Budget recommended \$7,000,000,000 after the President of the United States told him he wanted \$7,000,000,000 when he knew he would have trouble to get \$10,000,000,000, which he wanted. A lot of Army officers were called in to justify this \$7,000,000,000 before the Budget office. They were asked how this money ought to be spent. Now, do you know of an Army officer in the service of the United States, when the President of the United States is commander in chief of the Army, would say one word that the President of the United States did not want him to say? If that Army officer did, his head would be cut off immediately. It is preposterous to think that any Army officer would in any way criticize a recommendation of the President of the United States. If he did he would be demoted in rank or even fired from the service. That is the first thing in reference to this bill. You know the President's ability to purge.

Now, Mr. Chairman, who is the chief Budget officer? Mr. Harold D. Smith, who is an appointee of the President of the United States. The President now has complete power, because you passed the lend-lease bill giving him complete power. He is really a dictator in peacetime. Do you think he is not going to exercise the power granted to him? He has you fellows right by the neck and you must come and talk turkey and vote like he wants you to or else he will go out in the next campaign and purge you in your own district. You know it. You yourselves are in a pretty bad fix. Let him come to my district and say whatever he wants to say. If the people of my district do not want me down here I do not want to be here.

The amendment which the gentleman from Kansas [Mr. LAMBERTSON] has offered cutting \$2,000,000,000 from this \$7,000,000,000 bill is just as sensible as anything can possibly be, and may I ask you, what is a billion dollars? I do not believe anyone here knows. Here is a little statement that I saw in the paper which starts out with the question, How much is a billion dollars? and I will

like to read it to you. It will enlighten you a little, I hope. It has me. I quote:

How much is a billion dollars?

Let's take a boy of 15, suggesting that he count a billion \$1 bills, working 8 hours a day, 5 days a week. If he hustles he can count 100 bills a minute.

That's \$6,000 an hour, or \$48,000 a day, or \$240,000 a week.

At the end of the year, with 5 holidays off and no vacation, our lad has counted \$12,240,000.

When he is 21 he has counted \$73,440,000; 6 years on this grind.

Still there is a big pile of dollar bills in front of him. On his fifty-fifth birthday he is just half way through the pile, still counting at the clip of 100 bills a minute.

But our boy—now past middle age—is a persevering cuss. He'll finish the task or know why.

And he does.

But when he's counted the billion, he is 96 years old. He's beaten the insurance tables and has stooped shoulders, but he has counted his billion.

It's easier to spend someone else's billion than it is to count your own. If you don't believe it, try it.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. JONES], a member of the committee, and the Chair may say for the information of the committee that the members will be recognized in the following order after the gentleman from Ohio [Mr. JONES] has concluded: Mr. ANDRESEN, of Minnesota; Mr. O'CONNOR, of Montana; Mr. CRAWFORD, of Michigan; Mr. JOHNS, of Wisconsin; and Mr. WOODRUM of Virginia.

Mr. JONES. Mr. Chairman, there are some things I want to call to your attention.

In the first place, this bill is labeled and publicized throughout the length and breadth of the land as a \$7,000,000,000 aid-to-Britain bill. Then I turn to page 3 and I find that, under the provisions of the lease-lend bill, the President of the United States may reimburse the Army and the Navy for the amounts that are furnished by them. The present bill leaves the President to decide whether this is a seven billion or eight billion three hundred million aid program.

Where are the champions that graced these Halls on February 9? When the lease-lend bill was being considered you told us, "Congress will not lose control of the amount of British aid." You said, "This constitutional body has control of the purse strings of the country." Where are the champions that came down here and told us as we passed the lease-lend bill, "You will stand by us and you will help to control the President of the United States by controlling the amount of money you give him"?

If you object to this little amendment that would reduce by a certain percentage the amount of this particular item and of other items that follow, you are saying that a Member of Congress cannot change this appropriation one iota, but the President can change from \$7,000,000,000 to \$8,300,000,000 the amount of aid to be given. Instead of having a \$7,000,000,000 bill, if he chooses to take out the \$1,300,000,000, you have only a \$5,700,000,000 appropriation bill.

Our method of calculating the return on the invested money is to take the amount actually paid during the year, whether on account of dividends, arrears of interest, or bonus, so that when a 50-percent bonus, for example, is paid in addition to, say, a 5-percent dividend, that amount of capital on which these payments have been made would be considered to have received 55 percent. In the same way 2 years of preference dividend in arrears at 6 percent per annum, if paid in 1 year, would be regarded as 12 percent. This method, while the fairest we can imagine, often has the effect of making the return as regards some of the smaller countries appear to vary unduly, and that fact should not be overlooked in considering the final result. The following table gives the statistics relating to Government bonds:

Government bonds

	Amount, pounds	Interest		No interest, pounds
		Pounds	Per- cent	
1940.....	316,697,941	4,929,340	1.5	67,955,687
1939.....	324,149,858	4,030,466	1.2	210,891,798
1938.....	327,379,182	3,946,324	1.2	204,267,718
1937.....	330,407,756	8,266,740	2.5	62,723,585
1936.....	328,389,486	7,427,357	2.3	61,084,305
1935.....	330,912,538	7,204,124	2.1	88,604,918
1934.....	345,466,421	7,072,527	2.0	122,659,610
1933.....	314,887,929	6,275,068	1.9	184,644,661
1932.....	317,504,013	6,275,079	1.9	187,905,022
1931.....	328,876,574	12,315,420	3.7	58,089,265
1930.....	336,965,978	14,637,895	4.3	49,027,890
1929.....	338,466,263	14,349,949	4.2	50,347,950
1928.....	343,787,427	14,594,912	4.2	49,205,988
1927.....	349,529,604	14,107,631	4.1	51,586,983
1926.....	331,920,190	13,799,029	4.1	45,138,656
1925.....	326,561,231	13,152,912	4.0	43,783,268
1924.....	344,002,443	13,426,073	3.9	58,458,581
1923.....	346,963,043	13,569,717	3.9	58,023,899
1913.....	316,404,207	14,027,093	4.4	4,588,420

In order to keep our statistics uniform we have to follow the practice, unfortunately adopted many years ago, of regarding all the capital of the Antofagasta (Chili) and Bolivia Railway as appertaining to Chile, although, of course, much of the line is actually in Bolivia. The following table gives the railway statistics:

Railways

	Amount, pounds	Interest		No interest, pounds
		Pounds	Per- cent	
1940.....	471,949,558	5,002,657	1.0	337,202,452
1939.....	477,765,391	5,773,643	1.2	336,032,299
1938.....	493,906,115	5,934,746	1.2	339,073,077
1937.....	494,313,510	8,126,510	1.6	320,216,884
1936.....	493,830,472	6,238,246	1.2	331,624,207
1935.....	495,194,431	6,484,275	1.3	334,158,554
1934.....	490,000,099	6,231,205	1.3	344,540,662
1933.....	492,633,144	6,467,774	1.3	345,920,724
1932.....	489,670,030	7,580,418	1.5	321,682,877
1931.....	508,363,044	11,791,912	2.3	205,298,991
1930.....	508,967,193	17,778,736	3.5	158,323,420
1929.....	495,906,911	19,770,570	4.0	135,329,099
1928.....	490,990,928	19,389,341	3.9	135,479,723
1927.....	492,420,738	19,081,406	3.9	137,097,476
1926.....	490,797,841	20,915,112	4.2	135,785,474
1925.....	483,376,359	17,644,499	3.6	146,372,535
1924.....	481,421,357	17,313,677	3.6	160,109,031
1923.....	482,874,311	16,578,841	3.4	164,472,783
1913.....	457,822,726	19,600,738	4.2	60,649,269

The amount of British capital invested in Latin-American miscellaneous stocks at the end of 1940 was £288,613,696, a decrease of over £16,000,000 as compared with 1939. The amount going without remuneration was £141,388,585, and the average return 2.7 percent. The following table is self-explanatory:

Miscellaneous

	Amount, pounds	Interest		No interest, pounds
		Pounds	Per- cent	
1940.....	288,613,696	8,027,519	2.7	141,388,585
1939.....	304,258,078	8,410,974	2.9	144,799,022
1938.....	306,207,988	8,979,835	2.9	106,290,750
1937.....	308,080,178	8,968,792	2.9	105,339,949
1936.....	317,574,619	8,302,911	2.6	120,677,595
1935.....	327,510,334	6,588,922	2.0	209,271,126
1934.....	330,059,665	6,586,237	1.9	213,232,909
1933.....	347,302,859	7,689,110	2.0	226,312,184
1932.....	331,282,715	9,476,271	2.8	175,507,606
1931.....	338,942,336	14,547,232	4.2	134,025,062
1930.....	315,845,838	18,012,680	5.7	72,463,649
1929.....	336,395,390	18,301,869	5.4	101,770,765
1928.....	334,407,855	17,112,148	5.1	102,906,455
1927.....	302,160,507	13,774,288	4.5	92,185,380
1926.....	294,805,107	15,300,605	5.1	85,673,864
1925.....	288,434,706	13,902,103	4.8	90,899,012
1924.....	266,729,938	12,064,004	4.5	90,062,641
1923.....	270,168,630	10,414,562	3.8	103,757,106
1913.....	191,132,865	10,645,637	5.5	16,791,494

Banks and shipping companies cannot, as a rule, be allocated to any one republic, so a separate group has been made for these. The total amount shows a substantial reduction on the year, and the percentage return indicates improvement, with a reduction in the amount receiving no dividend. This is, however, due to the elimination of some shipping securities from the official stock-exchange lists. The following table combines the bank and shipping groups:

Banks and shipping

	Amount, pounds	Interest		No interest, pounds
		Pounds	Per- cent	
1940.....	15,818,904	724,861	4.5	2,633,300
1939.....	21,730,978	795,241	3.6	6,354,684
1938.....	21,870,178	820,115	3.7	6,354,684
1937.....	21,985,849	742,051	3.3	8,227,276
1936.....	21,211,498	560,724	2.6	8,227,246
1935.....	36,197,056	633,961	1.5	25,160,555
1934.....	40,090,900	553,075	1.4	27,855,299
1933.....	46,861,672	591,959	1.2	34,525,046
1932.....	46,665,633	508,305	1.1	35,312,146
1931.....	45,457,928	1,441,772	3.1	17,363,912
1930.....	43,497,204	2,314,438	5.3	9,800,000
1929.....	43,442,801	2,910,387	6.7	1,132,200
1928.....	41,852,334	2,577,491	6.1	2,732,209
1927.....	38,833,514	2,872,523	7.4	3,743,700
1926.....	39,011,639	2,290,467	6.0	3,000,000
1925.....	41,257,174	2,478,587	5.0	6,047,539
1924.....	48,499,509	2,488,106	5.1	12,523,474
1923.....	51,699,099	2,988,337	5.7	7,042,530
1913.....	33,876,767	3,440,700	10.1	200,000

Mr. JOHNS. Mr. Chairman, my time is limited and I decline to yield. I spoke here last night from the well of this House and saw about 15 to 20 Members sitting in front of me listening to what I had to say. Congress was still in session, and we were talking about giving away \$7,000,000,000 to foreign countries. Fifteen to twenty were all of the Members who were interested in what was going to happen. When I say "giving away \$7,000,000,000," that is exactly what the lend-lease bill provides for, if the President of the United States sees fit to do it. I have heard economy preached here by my colleague from New York and also by my colleague from Virginia ever since I have been in Congress. I followed that leadership, and I have voted for every dollar the President of the United States said was necessary for national defense of this

country, and I shall continue to do so, but I do not believe that any red-blooded American is going to vote to saddle on the taxpayers of the United States \$7,000,000,000 to be given away to foreign governments. Do you realize that when we get through with this program for the year we will have something like \$76,000,000,000 of debts for this country? There will be a tax bill come in here soon that will make the people of this country conscious of what this means. We are asked to appropriate \$7,000,000,000, and what for? Has any country declared war upon us? Has any country threatened a war on the United States? If you want to be honest about this thing, we have talked ourselves into this war. Nobody is to blame but America if we get into the war. I do not believe in sending \$7,000,000,000 3,000 miles away to get into any war, and that is what it means if we follow up the dictates here of what is expected of this Congress. I am going to support this amendment because it is for a less amount, but I am thinking about the 130,000,000 taxpayers of the country who will have to pay for this sooner or later. They are the people for whom I am speaking today. You people here can take care of yourselves; so can Mr. Knudsen and these other men who testified about this bill. I am thinking about the taxpayers in this country, in my State, and in my district—the people who are laboring in the sweat of their brow to meet the heavy taxes they already have to pay today, without adding \$7,000,000,000 more on top of that. I am opposed to it, and that is the only reason I take up the time today, to bring these views to you. I know what the people throughout the Nation are thinking, and it would be well for us to stand up here and say what we think, because later on you will have to do it, if you are going to run for Congress again. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, a story is told that on one occasion a great evangelistic effort was going on in a certain part of the country, and the Prince of Hades was very much concerned about it. Therefore, he summoned into a round-table discussion all of his little imps.

He said, "What can we do about this thing? It looks like this preacher down there is sweeping the country, and our cause is being very much hurt."

One little imp got up and said, "Satan, I suggest we go down and argue about it." Various others got up and made their suggestions as to what they should do, but none of the suggestions seemed to appeal very much to the Prince of Darkness. Finally he said, "Go on and do the best you can, but if it finally comes to the point where you cannot do anything else, then just tell them not to go forward, not to accept religion, but to put it off a little while; just delay it a little while."

Now, the lease-lend bill has become law. It has become the fixed policy of

this Government. As the gentleman from New York [Mr. TABER] and many others who were not for that bill have said in the well of this House, "We have set our hand to this task." So are we going to sit here today and listen to speeches arguing all over again against the policy of the lease-lend bill? If we have decided to help Great Britain and other countries, if we have decided to render aid, shall we do it all the way or halfway or part of it?

Mr. EATON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Always to my friend from New Jersey.

Mr. EATON. I wonder if the gentleman would make it clear whether the devil is for or against this legislation? [Laughter.]

Mr. WOODRUM of Virginia. I think the devil would be for this amendment. [Laughter.]

Mr. RICH. Will the gentleman yield?

Mr. WOODRUM of Virginia. Always to my friend from Pennsylvania.

Mr. RICH. Is anybody who opposes this \$7,000,000,000 supposed to be an imp? [Laughter.]

Mr. WOODRUM of Virginia. Well, I do not say that, but if my friend feels like the shoe fits him I would not argue with him about it. [Laughter.]

Now, Mr. Chairman, I will have to ask the indulgence of the Committee. I only have 2 or 3 minutes. This particular paragraph to which this amendment is offered provides funds for acquiring ammunition, guns, ordnance, and other matériel of that type. Are we going to say to these countries, by adopting the amendment, "Yes; we will give you two guns now, but we think we will not give you three guns at this time. We will give you so many tanks now, but we think that is enough for you," in spite of the fact that Great Britain and our Army and Navy experts say they are needed now. My friend the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] says, "Just put up half the money and we will put up the rest of it later, because you are not getting delivery on it." Well, that is one way. Many years ago Winston Churchill thundered at his people, "You ought to be getting ready." They said, "Put it off until the time comes when we need it."

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. WOODRUM of Virginia. Yes; I yield.

Mr. AUGUST H. ANDRESEN. I said we should help Great Britain get their matériel for which they had paid, which amounts to over \$2,000,000,000.

Mr. WOODRUM of Virginia. Yes. They are getting delivery on that every day and we are told that in a few months those orders will be out and the factories which Great Britain has built in this country to manufacture those commodities will be idle unless they have further orders to go on. They will not have any further orders unless this money is available to get these defense articles. Not only that, but we know very well we have to build factories and facilities to manufacture some of the matériel to be furnished in this bill. If we put it off time after time, put it off, we will never get

ready to deliver the planes and the tanks and the guns which they need and we will not do what we said we would do by Public Law 11.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Not right now.

I want to appeal to the House on this first amendment not in any way to cripple or hamstring or impede this legislation. I want to appeal to you to pass this bill today as this committee has brought it to you, a nonpartisan committee, if you please, supported by the gentleman from New York [Mr. TABER] and other gentlemen on that committee. We have labored over it. We have fashioned it. We have brought it here and we are anxious to see it go to the other end of the Capitol, so that it may have their consideration and approval and the President's signature.

I do not wish to stop any of you from making any statement or taking any position, but I ask you to help us expedite this. [Applause.]

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Kansas [Mr. LAMBERTSON].

The question was taken; and on a division (demanded by Mr. LAMBERTSON) there were ayes 63 and noes 162.

So the amendment was rejected.

The Clerk read as follows:

(4) Vessels, ships, boats, and other watercraft, and equipment, supplies, materials, spare parts, and accessories, \$629,000,000.

Mr. REES of Kansas. Mr. Chairman, I voted against the lend-lease bill. I felt that measure delegated extraordinary and unnecessary powers to the executive branch of the Government. I regard it as a radical departure from our democratic way of government. But the majority has ruled and that issue is decided. That die is cast. Our Government has even made commitments under it.

We now join in the hope that it will work in the interests of our people. We cannot even begin, at this time, to visualize how far commitments made under that measure may extend. We do hope that whatever steps that may be taken, that they will not get our country too far into a foreign war.

I believe that the great majority of our people are anxious to help the democracies, and certainly want Hitlerism defeated at the earliest possible date. There is practically no debate on that point. I just don't think, however, that the great rank and file of our people are ready to sacrifice our men and boys on foreign battlefields.

The bill before us provides for an outlay of \$7,000,000,000, the biggest single peacetime appropriation in our history. The proponents of the measure believe most of it will be secured. Almost all of it represents implements and munitions of war for use in foreign countries. One and a half billion dollars' worth is already on the way.

We are informed that this is only a part of what we may be expected to do later on.

Mr. Chairman, we have already spent or agreed to spend, twenty-seven and a half billions for our own defense. We will spend billions more. By way of comparison, that \$27,000,000,000 just about represents the value of all farm land in this country. Our national debt at the end of the year will amount to about the taxable value of all property west of the Mississippi River.

Mr. Chairman, here is the point I want to make. I just do not think it is right that with the expenditure of the billions of the people's money, that it should be used for the enrichment of any person or group of persons. It is not right that we should permit money expended to make death-dealing weapons of war to be used for profitable purposes. It just is not right.

We talk a lot about where munition factories should be located, and so forth. And right here let me say that I think certain industrial centers have taken advantage of that situation.

Mr. HOUSTON. Will the gentleman yield?

Mr. REES of Kansas. Sorry; I do not have time. The gentleman can probably explain in his own time.

Mr. Chairman, if these funds are to be used to save democracy and humankind; if all these efforts are to save a world gone mad; if we are going to call our men and boys, either as volunteers or by the draft method, and pay them about \$30 per month and train them in the art of the use of deadly weapons; if we are going to ask them to sacrifice their lives, if need be, on the battlefield, or on the sea, or in the air; if we are going to do that, Mr. Chairman, and we are doing it, then we have no right to permit any of these funds to be used for profitable purposes.

Mr. Chairman, let us not make the mistake that was made in the World War. While men were suffering and dying on the battlefields of Europe we permitted a lot of selfish individuals to become rich over here. We increased our millionaire population by more than 2,000 during that period. We must not do that again. We are not yet thinking in terms of sacrifice. It seems to be more of a question of financial gain so far as these funds are concerned. Let us get down to business and make this defense program work just as efficiently and as fast as possible.

Mr. Chairman, this Congress and this House must see to it that proper and effective legislation is enacted, to the end that these funds, and all other defense funds, shall not go to the enrichment of anyone.

Miss SUMNER of Illinois. Mr. Chairman, I rise in opposition to the pro forma amendment.

One reason some of us here have voted consistently against tending toward involvement in the European war is because we did not wish people in European countries to rely upon our coming into the war.

For the same reason I have always refrained from saying that I would ever vote aid for England. But from the beginning of the war I had always thought that if and when the British Isles should

money as he sees fit. The responsibility is his; he asked for it. It has been suggested that in the neighborhood of one-half billion dollars of this money will be expended for agricultural products and foodstuffs for Great Britain. Cotton is included, tobacco is included, canned pork is included, and I understand, tentatively, other foodstuffs. Now, here is the point I want to get over to you. We have a surplus of wheat in the United States today approaching 500,000,000 bushels and no place to go with it—and wheat is not contemplated in this bill. Canada has a surplus of wheat likewise and Great Britain is securing her wheat supply from Canada and paying for it. That is her privilege. It was brought out upon the floor here yesterday that Canada and her subjects have liquid assets in the United States totaling a high figure. I want to appeal to the leadership of the House to go to the President of the United States, because, as I said, he has a free hand, and upon his shoulders rests the responsibility of spending \$7,000,000,000—and appeal to him to include wheat in this program. I want to call your attention to the further fact that the taxpayers of this country who are raising wheat, as well as the little home owner, will be called upon to pay their share of this indebtedness, and remember this: They are the taxpayers who have the property that the tax collector can lay his heavy hand on at the time, and this includes the farmer, the home owner, and the man who has real estate or personal property of a tangible nature.

Mr. FADDIS. Mr. Chairman, will the gentleman yield there?

Mr. O'CONNOR. I refuse to yield.

I am going to ask the great statesman who heads this committee, the Speaker of the House, and the gentleman whom the majority side of this House elected as its leader, of whom we are all proud, to get the sympathetic ear of the President of the United States when it comes to expending this money so as not to extend credit to Great Britain until Canada's and Great Britain's liquid assets in this country are exhausted, to the end, if you please, that the Canadian taxpayer will not be preferred over the American taxpayer.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. If the gentleman will give me a minute, I will yield.

Mr. WOODRUM of Virginia. The gentleman asked me a question, and I want to answer it.

Mr. O'CONNOR. No; I did not ask the gentleman a question. I am just asking him with others to appear before the President and try and have him give consideration to the two points I have pointed out.

Mr. WOODRUM of Virginia. Is the gentleman going to vote for this bill and help us get the money?

Mr. O'CONNOR. I hope that they will also appeal to the President in trying to put into this picture the wheat grower of this country who ultimately is going to have a lot of these taxes to pay, and, in the final analysis, and in one word, not prefer the British taxpayer over the

American taxpayer. I do not want to see us use emotion entirely in place of judgment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, first I wish to add my support to the statement of the gentleman from Mississippi [Mr. RANKIN]. In my opinion, we are making a great error by not decentralizing more the location of these new industries and putting them out in the agricultural areas of the United States. To me it is a tragedy, and, of course, we have the evidence that has developed in the case of Governor Davis, who was one of the Governors of the Federal Reserve banks. He is now being transferred to St. Louis as the head of the Federal Reserve bank there. I wish more attention would be paid to what the gentleman from Mississippi had to say about locating new industrial plants in the agricultural areas.

Earlier in the day the Speaker gave me permission to insert as a part of my remarks certain correspondence and one of the letters, which I will insert, written by the head of one of our very important business institutions, in the middle paragraph states this:

It strikes me that the importance of industry and the importance of increasing the production of industry has been more clearly seen as a war measure than it has as a peace measure. And, since we are now at war, much of the misunderstanding of the peace-time situation no longer holds.

I note from the War Department that this gentleman's concern has been given \$467,000 worth of war orders. To me his language is amazing, and I am not one to admit that industry is more important as a war measure than as a peace measure. I think we should stick to it as a peace proposition, more valuable than in time of war. The absence of industry leads to war, resulting from social upheavals.

One other point. There is published in the city of London what is known as the South American Journal, and these sheets I hold in my hand are photostatic copies taken from the January 25, 1941, issue. This data deals strictly with British investments in Latin America. On page 57 of that issue is shown Great Britain's holdings in Latin America are the equivalent of £1,093,000,000. Calculate that on the basis of the dollar exchange today, and at \$4.02 per pound sterling and you will have the investment. This sheet shows the amount invested in Government bonds, banks, shipping, miscellaneous investment, railways, and it shows the amount invested for each year from 1923 to 1940, dividends and interest paid thereon, and I say to you that this information is taken primarily from the official London Stock Exchange records and other authentic sources, and it shows that the investments are current, extremely valuable. If we can obtain them as collateral to these advances to be made to England we will be doing a good day's job. I hope the amendment which will be offered will prevail and, if the Speaker will give me permission to do so, I shall

insert these statistics in the RECORD for the information of the House.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. Yes.

Mr. PITTENGER. Is it not a fact that in the decentralization program the Army and the Navy not only are not decentralizing plants, but they are figuring on expanding existing plants in all congested areas?

Mr. CRAWFORD. That is exactly what is taking place, and you will have a social revolution at the end, when demobilization comes, unless something is done about it in advance.

Mr. PITTENGER. And they are paying no attention to Congress or the suggestions of Members of Congress in connection with that matter.

Mr. CRAWFORD. The case of Governor Davis is evidence that the gentleman is correct.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CRAWFORD. Mr. Chairman, I now present the data on the British investments in Latin America, which would appear to be about \$4,394,181,600, on the basis of \$4.02 per pound sterling.

[From the South American Journal of January 25, 1941]

BRITISH INVESTMENTS IN LATIN-AMERICA

A reduction of £34,824,205 to £1,093,080,099 in the amount of British capital interested in Latin America at the end of 1940 compared with the previous year, which our compilations show must be regarded as more apparent than real for so many securities which have for long been without interest payments and seldom dealt in, have this year been removed from the official lists, and although in our endeavor to give our readers reliable statistics, we have included many which this year are not quoted, there have still been a number which it was reasonable to ignore. The average return, it will be noticed, shows a fractional improvement from 1.68 percent in 1939 to 1.70 percent in 1940, and there is a substantial reduction from 61.9 percent to 50.2 percent in the amount receiving no interest. In the following table we show the total amount of British capital invested in the Latin American countries and normally quoted on the London Stock Exchange at the end of each of the last 18 years, with the total interest paid, its percentage, and the amounts not receiving interest, figures for 1913 being given for comparison:

	Amount, pounds	Interest		No interest, pounds
		Pounds	Per cent	
1940.....	1,093,080,099	18,684,377	1.7	549,180,024
1939.....	1,127,904,305	19,010,329	1.6	698,077,803
1938.....	1,149,363,463	19,681,020	1.7	655,886,229
1937.....	1,154,785,293	26,104,093	2.2	496,507,685
1936.....	1,161,006,075	22,529,238	1.9	521,613,353
1935.....	1,189,804,359	20,811,282	1.8	657,195,153
1934.....	1,205,617,085	20,443,044	1.6	708,288,480
1933.....	1,201,685,595	21,023,911	1.7	791,402,615
1932.....	1,185,122,391	23,840,073	2.0	720,467,651
1931.....	1,221,639,882	40,056,336	3.2	414,777,230
1930.....	1,205,306,213	52,743,749	4.3	289,614,959
1929.....	1,214,211,368	55,541,775	4.5	288,580,014
1928.....	1,211,038,544	53,673,892	4.4	290,324,366
1927.....	1,173,944,363	49,835,846	4.2	284,613,539
1926.....	1,156,534,777	52,405,213	4.5	269,597,994
1925.....	1,139,659,470	47,178,101	4.1	287,102,341
1924.....	1,140,653,247	45,291,860	3.9	321,153,727
1923.....	1,151,705,083	43,551,457	3.8	333,236,514
1913.....	999,236,565	47,714,168	4.7	82,229,183

Where is the integrity of Congress if we do not have the courage to provide the amounts that the majority of the people's Representatives approve? Seven billion dollars covers the entire amount of the estimate that was submitted by the British Government for their own defense. Why should we pass a bill for \$8,300,000,000, when all they have asked us for is \$7,000,000,000? I have never yet seen an Army officer who has ever asked for a less amount than he needed, and I assume the British Government knows more than we do what they need to win the war. Why should we whoop it up \$1,300,000,000?

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield to the gentleman from Kansas.

Mr. HOUSTON. Is the gentleman opposed to the bill?

Mr. JONES. Do not try to draw a red herring over the trail. I am trying to tell you that the integrity of Congress and the courage of Congress are the important things we must preserve.

Mr. HOUSTON. In other words, the gentleman refuses to answer?

Mr. JONES. In other words, nothing; do not try to confuse the issue.

Mr. HOUSTON. Is the gentleman for or against it?

Mr. JONES. If we are going to stand upon our constitutional duty, that Congress shall provide the amounts that shall be spent, if you mean what you say and what you said on February 9, that Congress was going to control the purse-strings and the operation of this bill, let us vote for these amendments. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I voted against the lend-lease bill, and I voted for every amendment to restrict the authority of the President offered here in the House and presented to us from the Senate. I have not changed my position with reference to that legislation, but I believe that when we stop to consider legislation appropriating money to carry out the purposes of the bill which is now law we should act with deliberation and judgment. If the leaders in our administration do not have any business sense, then certainly the members of the Appropriations Committee and the Members of the House should exhibit some intelligence in that respect.

A day or two ago the British Government presented our Government certain information relating to war orders by the British placed in this country. We find they have now on order \$2,700,000,000 worth of war material and that they have paid on these orders \$1,622,000,000. These orders include 14,000 fighting planes of all kinds, and cover all kinds of other material now in production in this country, for which Great Britain stands ready and willing to pay \$2,700,000,000.

It seems to me it should be the first business of Congress and of the administration to see that delivery is made of

the war materials Great Britain has already ordered before we proceed with an appropriation of \$7,000,000,000, when we are not now in a position to make delivery on the materials they have paid for. They have purchased 14,000 fighting airplanes. The bill now before the committee, in which we are asked to appropriate \$7,000,000,000, calls for additional hundreds of millions of dollars' worth of airplanes. Why should not the administration start our factories going, stop the strikes all over the country, and get our men working 24 hours a day and 7 days a week to produce the material for which Great Britain is ready to pay, rather than go on with this additional program when we cannot now make deliveries on what they have ordered? We should not appropriate any money until we furnish the material for which Great Britain has paid. Therefore, I am supporting the amendment offered by the gentleman from Kansas to reduce the amount, for we should not spend money unnecessarily and take it away from our own national defense.

Great Britain has a great deal of dollar exchange in this country. It has assets all over the world. Some of the most valuable assets they are now holding are in the Far East, the rubber and tin monopolies, which they have not offered to turn over as security to this country. All we are supposed to get is some securities they have representing properties in South America and some in this country. I say that we should write into the bill an amendment which will require them to put up security for every dollar of whatever amount is appropriated by the Congress, either now or in the future. [Applause.]

Mr. Chairman, in spite of my protest against the provisions of the lend-lease bill, that measure has now become the law of the land. A large majority of the membership of both Houses of Congress voted for the measure. The President and his leaders in Congress repeatedly stated that the bill was a measure designed to keep our country at peace with the world and out of the European war. I will hold the President and his administration to this promise, and I am therefore voting for the appropriation before us today, as I do not want it to be said that I placed an obstruction in the path of the President in his effort to administer existing law and secure peace for America. I hope that he will achieve this objective as all America wants to remain at peace.

As a part of these remarks, I am including a recent Associated Press dispatch on British war orders placed in this country and on England's financial holdings in the United States and South America. I am willing to help the democracies of Europe, but I stress the fact that the President should act with sound and business-like judgment before saddling the future cost of the European war upon the backs of the American people. Great Britain has an abundance of world-wide assets which can be acquired as security for the war supplies about to be loaned or leased from the United States. The President should insist that these assets be turned over to the United States as collateral for the debts due us. If he does

not do so he will be breaking faith with the American people.

We are living in a critical time. No one can predict the future. As Members of Congress we have two immediate duties to perform—first, to rapidly complete a full defense for our country; and, second, to keep out of the European war. I renew my pledge to these objectives and call upon all Americans to join with me.

The Associated Press dispatch above referred to follows:

CONGRESS RECEIVES SUMMARY OF BRITISH WARTIME FINANCES—\$1,622,000,000 PAID ON 2.7-BILLION ORDERS; HOLDINGS TO MEET BALANCE

Congress received this statistical summary of Great Britain's wartime finances and operations today from Budget Director Harold D. Smith:

Existing British orders here total \$2,700,000,000, of which about \$1,622,000,000 has been paid. The policy of the United Kingdom has been to pay cash, and all goods delivered have been paid for. Usually 25 percent has been paid in cash when the orders were placed.

Remaining liabilities will be met from existing dollar resources, such as sale of British holdings of United States securities, acquisition of gold and proceeds of British exports to this country.

The British Government does not have funds adequate to meet additional commitments.

BRITISH HOLDINGS

None of the proposed \$7,000,000,000 British-aid appropriation, however, is to be used to pay for orders placed by Britain in this country prior to the lease-lend bill.

On January 1, British holdings included \$616,000,000 of marketable securities and \$900,000,000 of less readily marketable investments.

The "nominal" value of United Kingdom investments in Canada is the equivalent of 2,000,000,000 United States dollars, while the Kingdom's investments in South America are \$3,500,000,000. Mr. Smith said the "market" value would be "much less."

GOLD AND DOLLAR HOLDINGS

As of the first of the year, Britain held \$292,000,000 of gold, \$54,000,000 of official dollar balances, and \$305,000,000 of private dollar balances.

Britain has given capital assistance totaling \$171,000,000 to United States defense plants in connection with her orders.

The monthly rate of war expenditures for the United Kingdom, Canada, New Zealand, Australia, South Africa, and India, taken together, is, according to Federal Government information, \$1,750,000,000, of which \$1,500,000,000 is the expenditure of the United Kingdom alone. During the fiscal year 1941-42 Canada is expected to spend \$1,400,000,000 on her direct war effort.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I am going to make the few remarks I propose to make in an appeal to the leadership of this House on certain matters.

I opposed the passage of the lease-lend bill. The voice of the opposition was futile. A storm, wherever it started, swept it through. It is now the law. The bill that is now before us will soon become law as it is written. It will pass as it has been presented to this House. The President in both bills has been given plenary power. He can do with this

be attacked, since England is a kind of buffer state between America and nations on the Continent now on the march, a vote to aid them financially would be justified. I would not consider that seven billions or even double that amount would be too great a price to pay, and I intended to vote for that much aid.

But this appropriation under the lend-lease bill is not a mere simple proposition to aid Britain, much as I wish that it were. It has a sinister background. The increasingly belligerent statements of the President, obviously intended to stir the American people to a total-war fervor; the arguments of the proponents here and in the newspapers that "the die is cast," that we are now in the war and must carry it on to victory; the many incidents indicating that it is intended to carry through the war until either we or Hitler capitulate, leave a long trail of circumstantial evidence. That evidence leads to the inevitable conclusion that this appropriation is another artfully cut piece in a carefully planned pattern. It is a program the purpose of which is to condition American psychology so that we shall be willing actively to engaged in the European war and fight it until the finish.

So it seems to me that those of us who believe that America will never stand the strain of a great war, that it would unquestionably end in a depression so much worse than 1932 that there will be revolution and chaos, ought to lift our voices against this appropriation, even though we want to see England receive the material.

I recognize that it seems opinionated and presumptuous for an humble Congressman like myself to express opinions like that which are contrary to the judgment of the many able American financiers who are promoting the war effort, joining hands with the President in this one policy. But wisdom, we have seen, sometimes flits away from bank vaults and even from the White House. Sometimes it rises from log cabins. Although the President has many brilliant qualities which make him a superior person, his apperception of economic questions, we now realize, is not one of them. We do not know, on the other hand, the extent of the great financial and personal interests abroad held by some of the financiers now participating in the war effort which would tend to color their judgment of what is best for the ordinary men and women who constitute the vast majority of people in this country.

The argument that this appropriation would aid Britain and strengthen British morale has been the argument used on every one of the issues which has been forced upon us since the war began which involved surrendering fundamental American policies and rights. It was used on the two debates to lift the embargo, in which we abandoned our neutrality; on the issue of conscription, in which we conscripted men who had the constitutional right not to be drafted if as good an army could be found by enlistment; it was the argument for abolishing the third term, our one sure check against absolute monarchy; it was also used to secure passage of the lease-lend bill in which, for a time, if not forever,

the Congress has been reduced to ministerial functions.

Every one of those sacrifices of American principles has served to encourage Great Britain to go more deeply into a war which, as many British now believe, would otherwise have gone east toward Asia instead of west toward London.

It becomes apparent now that war proponents have used our sympathies for Britain as a club to overcome our intelligence. We can now see that their objective was to lead a reluctant American people, determined never to participate in another European war, to the point where it could be said that America was so deeply into the war that there would be nothing left for us to do but win the war. They never point out in their speeches that it is equally possible that we might lose the war; or, winning it, lose all for which we were fighting.

Already both the President and his new friends are urging that we have reached that point where there is nothing left to do but give all the aid that is needed to win the war. Already newspapers are hinting that the President should soon tell the people frankly that the British need convoys, pilots, and soldiers to be poured into the Dardanelles. Until now nobody much denied that for us to try to send sufficient men and supplies to win the war in Europe would be impossibly expensive in blood and money, just as it would be too utterly expensive for Hitler to overcome America in a war fought in this country.

I wish that I could believe that either increased Christianity or increased democracy or increased prosperity or increased civilization will come to the world out of the sacrifice which America is gradually being seduced and blackmailed into making. The very basis of the privileges of freedom we enjoy is not merely our form of government, because we have lazily permitted it to become increasingly corrupt and incompetent. No; the security of our liberties has until now been the vast natural wealth and resources which have enabled Americans to progress under a government which was too often mismanaged.

Surely those of us who believe this, who believe that we ought not to sacrifice all that we have in what is certainly going to be a life-and-death struggle on the part of the Germans, ought not to acquiesce in this program. We ought to call a halt now before it is too late. Because it is never too late while we are still being treated by the enemy as if we still were a neutral nation.

To proceed with this program, knowing it for what it is and still to tell the American people that it will keep us out of war is surely a fraud upon them. It is also a fraud upon the English people, who are making sacrifices they might not otherwise make, relying upon the belief that if and when they lay down their arms Americans proceeding with this program will still be in the war fighting until either we or the enemy or both are exhausted. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. ROBSION of Kentucky. Mr. Chairman, reserving the right to object, I wish the gentleman from Virginia would permit me to speak for 10 minutes on an amendment I have.

Mr. WOODRUM of Virginia. There are some additional paragraphs.

Mr. ROBSION of Kentucky. I am going to offer an amendment to this paragraph. I have not had any time.

Mr. WOODRUM of Virginia. Mr. Chairman, I amend my request to 15 minutes.

Mr. SMITH of Ohio. Mr. Chairman, reserving the right to object, I should like to have 5 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, there are no amendments pending.

Mr. ROBSION of Kentucky. Mr. Chairman, I tried to get the floor and the Chair has agreed to recognize me.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. ROBSION of Kentucky. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. ROBSION of Kentucky: Page 2, line 20, strike out "\$629,000,000" and insert "\$300,000,000."

Mr. ROBSION of Kentucky. Mr. Chairman, I ask unanimous consent to use 10 minutes of the 15 minutes allotted to this paragraph.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky [Mr. ROBSION]?

There was no objection.

Mr. ROBSION of Kentucky. Mr. Chairman, ladies and gentlemen, I have submitted an amendment to section 4 of the bill before us striking out the sum of \$629,000,000 and inserting \$300,000,000 to provide ships, vessels, boats, watercraft, supplies, materials, spare parts, and accessories to Britain. Section 4 places all of these supplies in the hands of the President, and he can lend, lease, or give them away to Britain or any other country under the so-called lend-lease bill, H. R. 1776. As the administration has cracked the whip, I can entertain very little hope that my amendment will be agreed to. My main purpose is to discuss this section and the other sections of this \$7,000,000,000 appropriation bill.

In January 1935 the administration urged the passage of an appropriation bill providing that the President be given a blank check for \$4,880,000,000. The membership of the House generally, as well as the country, were astonished at this demand. We were told that huge sum was to be used to construct highways, provide employment and food for tens of millions of American people, aid the farmers, provide jobs, and it was supposed to be used entirely for the benefit of the American people. I was unwilling to vote for that bill, because I could not get the consent of my mind or conscience to give any man a blank

check for \$4,880,000,000. Much of this huge sum was used, as was definitely proved later on, to corrupt, browbeat, and intimidate needy citizens, and to manipulate and win elections. Today we are called upon, in effect, to give to the President a blank check for \$7,000,000,000, not to build ships or manufacture guns, planes, tanks, shells, and other defense equipment for the defense of our own country, nor to take care of the aged, or to feed or clothe the hungry and needy people of our own country. This huge blank check sum is to be turned over to the President to provide munitions of war for the British Empire, and to feed and clothe the people of that nation and such other country or countries as the President may wish.

We do not have this great sum of money in our Treasury and will not have it. Our Nation must borrow the money and place \$7,000,000,000 more debt upon the bowed backs of the taxpayers of the United States. This means \$250 of debt or taxes on an average for each one of the millions of American families, or in other words \$50 each for every man, woman, child, and new-born babe in America.

Section 4 to which my amendment is directed authorizes the expenditure of \$629,000,000 to buy or build ships and boats out of our taxpayers' money and turn these over for the most part to the British Empire. Does she need these boats and ships to carry on her part of the war? She does not. Lord Halifax, the British Ambassador to the United States, and others, as has been done every time one of these important bills has come up to rush us into that European-Asiatic-African war, put out alarming reports. We read in the press yesterday that a German cruiser and a submarine were a few hundred miles off our coast in the Atlantic. Time will prove that there is not a word of truth in that report. It is pure propaganda to alarm the American people, and help to push through this monstrous measure.

When the bill was before Congress to repeal the Neutrality Act and to pass a conscription bill rumors were circulated that German submarines were lurking along the coast of the Western Hemisphere. Of course, after these bills were pushed through nothing more was heard of these submarines until this \$7,000,000,000 blank-check bill came in.

BRITISH TONNAGE HAS INCREASED

I have before me the Associated Press report dated London, March 17, 1941, giving a report as to the present amount of merchant ship tonnage owned and held by Great Britain. This report is made by the world's authority on shipping, Lloyds of London. This is a great shipping concern. They insure merchant ships and cargoes. They keep an accurate record of every ton of merchant shipping owned by Great Britain. I am now reading from that report and it shows that Great Britain and her ship-owners owned and controlled at the beginning of her entrance into the present world war 8,977 ships and boats with a tonnage of 21,001,925 tons. When Norway, Denmark, Holland, Belgium, and France were overrun Great Britain se-

cured from those countries additional tonnage of 12,320,685 tons. Counting what she had at the beginning of the war and what she acquired from these conquered countries, according to Lloyds report she had 33,320,610 tons.

Great Britain has always been a great ship-building country and they have been working overtime in building ships since the war started. Lloyds do not state in their report how many millions of tonnage Great Britain has built, but there is no doubt that represents several million tons. Great Britain has acquired from this country more than a hundred ships that represent approximately a million tons, and therefore it is safe to say that Great Britain and her ship owners from the time the war began up until now have owned and controlled more than 35,000,000 tons of merchant ships. Lloyds in this same report that I have read from, states that Great Britain herself has lost 757 ships up until March 17, 1941, with a tonnage of 3,171,273 tons. Her allies have lost 193 ships, totaling 875,202 tons. Therefore, since the war began Great Britain and her allies have lost 950 ships, with a total tonnage of 4,046,273 tons, but as Lloyds point out she got 12,320,685 tons from Norway, Denmark, Belgium, Holland, and France. She received from these other countries four times as many tons of merchant ships as she has lost, and she has received more than three times as many tons of merchant ships as she and her allies have lost.

In other words, she has a net gain of more than 8,000,000 tons over what she had before the war began, and add that to the 21,000,000 that she had when the war did begin she now has nearly 30,000,000 tons of merchant ships, not counting a single ship that she has built since the war began, nor the 100 or more ships she acquired from the United States. Therefore, according to Lloyds she has thirty-million-and-odd tons of merchant ships. Yet we are putting a debt upon ourselves and our children under section 4 of \$629,000,000 to provide more ships for Great Britain. But there is another angle to it. Great Britain is not using these thirty or more million tons of merchant ships to carry supplies, food, and war materials to her and her allies to carry on the war. There are hundreds and hundreds of British ships, with more than eight millions of tonnage, that are continuing in their regular business and carrying on strictly commercial and money-making shipping. For instance, Great Britain has a great many ships and a monopoly that are busy day by day carrying commodities from New York and other United States ports to various countries and ports in South America. These enterprises have no relation to the war. They are busy making money and operating in direct competition with American shipowners and taking the jobs of American sailors. Furthermore, Great Britain and British ship-owners are busy operating shipping lines on our Pacific coast, not in connection with the war in Europe, Asia, and Africa, but they are engaging in strictly commercial, money-making shipping business, carrying commodities from the

western ports of the United States to Alaska and other possessions of ours in competition with American shipowners, operators, and sailors.

The Navy is our first line of defense on the seas; the second line of defense, it is admitted, is the merchant marine of any country—our merchant ships. With this situation confronting us this administration is stripping our own country of its merchant ships, turning them over to Great Britain, and this bill soaks the American taxpayers for \$629,000,000 to build or buy hundreds and perhaps thousands of merchant ships and boats and under the lend-lease-give-away bill to turn them over to Great Britain.

We talk about trade after the war. What a nation needs to carry on successfully trade throughout the world is a large merchant marine. The British boast of the fact that Great Britain rules the waves—the seven seas, and the commerce of the world. She does it with her great merchant marine. Great Britain far surpasses the United States with her merchant marine. If we keep on giving away our merchant ships and building up Great Britain's merchant marine after the war is over, we will not have the ships to carry our products to the various parts of the world and Great Britain will continue to have the great advantage that she has always enjoyed. Great Britain has billions of dollars of collateral, gilt-edge stocks and bonds. We should at least demand that they put up sufficient stocks and bonds or other collateral to secure this seven billions and to pay the \$629,000,000 for these ships. Why should the American taxpayers be substituted for the British taxpayers? Great Britain now owes us about \$6,000,000,000 of principal and interest that we let her have in the other World War, and on which she has defaulted and refused to pay. The money we loaned to Great Britain was taken from the taxpayers of the United States. Now, must the taxpayers of the United States be called upon with a tremendous debt hanging over their heads to finance this war, and Great Britain still holding her bonds and securities and her many great manufacturing plants in the United States and every other country in the world, and still hold one-fourth of the world's landed surface and 500,000,000 of the 2,000,000,000 population of the world?

If Great Britain could not put up the collateral to secure a loan that would be a different question, but inasmuch as she can do so we insist that it is only just and right to the overburdened taxpayers of the United States. If she needs more merchant ships to carry products to her shores why not take these hundreds and hundreds of merchant ships on the lines between New York, Central, and South America, and on the western coast between the United States and Alaska which are now operating in competition with the ship owners of the United States and use these ships for the purpose of carrying on the war if they need more ships.

I know some say they are fighting our war, but when did Great Britain ever fight our war? We had to fight her to

gain our independence. We had to fight her again in 1812-15 to keep from being run off the high seas to carry on our commerce, and she took sides with the South in 1861-65 to help destroy this Nation. With all of that, we went over there in 1917-18 and helped her win the war. We have never yet received back what we let her have, and so far as I have been able to observe we have never got a real expression of gratitude. What brought about the present World War? Mr. Bullitt, our Ambassador to France, in testifying for the lend-lease bill, said that this war was caused by the Versailles Treaty in the last World War and especially the selfishness of Great Britain and France. We helped them to disarm Germany. England and France stood by and permitted her to rearm; in fact, the evidence is indisputable that Great Britain encouraged Hitler. We did not bring on this war, Mr. Chairman, and I hope that my amendment will be adopted and save a few hundred million dollars of the taxpayers' money of our own country. [Applause.]

THE LAST STEP TO WAR

I spoke and voted against the so-called lend-lease-give-away bill, H. R. 1776, because it took away from Congress its constitutional powers to declare war and to raise and support armies and provide and maintain a navy. It gave to the President unlimited powers with unlimited resources to carry on undeclared wars for and against any nation on the face of the earth. That bill, by repealing many other acts of Congress, gave to the President power to sell, lease, lend, or otherwise dispose of our Navy or any part of it, all or any part of the equipment of our Army or air forces, and to disclose and give away our most vital military and naval secrets to any country or countries in the world and on such terms as he might think proper. He could sell it for any price, lease it, lend it, or give it away.

Now he comes to us in this bill and asks for \$7,000,000,000 in money to dispose of it for the benefit of any country or countries of the world. He can furnish any country military or naval equipment and provide the citizens of any country with food, clothing, and shelter to the amount of \$7,000,000,000. There is not a dollar of it to provide relief for our own citizens or build ships or manufacture guns, planes, tanks, or other defense articles for our own country, and everybody knows that our defenses are very, very inadequate.

We have countless numbers of old people and still have millions of unemployed who need food, clothing, and shelter, and when I vote to turn over \$7,000,000,000 of the taxpayers' money and increase our national debt \$7,000,000,000, I must know that it is for the defense of this Nation and to provide for the needy aged, other needy, and needy unemployed in the United States.

The administration, in my opinion, has been leading us into war for the last 18 months. I cannot help but believe that there was an understanding between the President and King George and Queen Elizabeth on their visit here that we would take a hand in that bloody Euro-

pean-Asiatic-African quarrel and war if and when it came up. The President said almost as much when he dedicated a bridge between the United States and Canada about 2 years ago. English statesmen have always counted on our joining with them in this war.

The repeal of the Neutrality Act was a step toward war. The Conscription Act, which sought to have 45,000,000 boys and men registered for military service (but to which amendments were forced through Congress limiting the number to about 17,000,000) was another long step toward war. The lend-lease bill, H. R. 1776, in my opinion, was drawn with the definite purpose to empower the President to use our Navy, our Army, and air forces, and all the equipment belonging thereto in this war.

The bill before us today, the \$7,000,000,000 bill, with the recent speeches made by the President point unerringly toward our active participation in the European-Asiatic-African war.

In the beginning they said they were not going to convoy merchant ships. Now they are talking about convoying ships with our Navy. The threats of the President and his administration have invited war. The President has butted into the war. All of us have a feeling of dislike toward Hitler, but the President and Hitler have had a personal quarrel. He has a personal grievance against Hitler and, in my opinion, he will go to almost any length to involve this country in that war.

They said that our boys would not be called on to fight in any foreign land or on foreign seas, but it will not be many months, in my opinion, until some of our ships will be sunk, some of our soldiers and sailors killed, and perhaps then there will be a formal declaration of war brought before the Congress, but the President, I am satisfied, will carry on as long as he can the undeclared wars. That is the way the leaders in many of those European and Asiatic countries in recent years have been carrying on their wars.

I said on the floor of the House more than 12 months ago that Germany could not subdue Great Britain—that she could not conquer the British Isles. I have never changed my opinion on that subject. On the other hand, it will require millions of men and untold billions of dollars to go into continental Europe and take physical possession of the German people and the German nation and win a total victory there. If such an attempt is made, there can be no doubt but what this will be the longest, costliest, and bloodiest war in which this Nation has ever engaged.

There is every indication that actual warfare is imminent. The administration sometime ago bought 4,500,000 casualty tags to put on the necks of our soldiers, sailors, and marines so they could be identified when they are killed or injured. We learn now that our naval vessels are being repainted and they are painting them the same color as the paint used on the naval vessels of Great Britain. I think our Nation has assured Turkey, Greece, Yugoslavia, and other countries that we would enter this war.

Press reports state that a number of United States cruisers and destroyers are off the coast of Australia, claiming that they are paying a courtesy call. They have been there for sometime and will continue there for sometime. They are there to help protect the East Indies islands, much of which is owned and controlled by Great Britain. The press also reports that some of our very best bombers and fighting planes have winged their way across the Pacific to far-away Singapore, that great British military and naval base on the Malay Peninsula in Asia. The United States has taken positions with its Navy and its air force at various points around the world, and one of these days unless I am badly fooled American boys and American men will be fighting in many parts of the world—in the islands of the seas, in Asia, Africa, Europe, and other places.

It seems that the President and this administration have made up their minds to defend the British Empire in every part of the globe, and the seven billions that will be voted today by the supporters of the administration is likely to be only the first installment.

Is it not amazing—if this bill passes, and another coming up tomorrow—Congress, at the behest and command of the President, will have voted \$31,000,000,000 for war in the last 14 months. This is \$6,000,000,000 more than was voted by the Congresses in 1917, 1918, 1919, and 1920 in the World War. This gives all of us some idea what tremendous strides we have taken and are taking today, and all within 14 months. And yet we are told we have not entered the war yet. What will it be when we get in, and before we get through?

I said on the lease-lend bill, and I now say, that I would be willing to help Great Britain in a reasonable way provided it would not involve our country in war, but I would want Great Britain, if we made her a loan, to secure it to the extent that she could reasonably do so. No British Parliament has been called on in this war or has voted at any one time such a tremendous sum as we are called on here to vote today, and the British Parliament has not appropriated \$31,000,000,000 within the last 14 months.

The American people have been deceived again. They have been filled with fear and have accepted from time to time the promises of the President and his administration that they would keep us out of this war. They have already broken those promises—they are now in the war, and as the months come and go we shall be drawn farther and farther into this terrible bloody world holocaust.

A motion will be made to recommit this bill in order that it may be amended so as to provide if this large sum of money is to be expended that it be spent for war supplies, food, clothing, and so forth, in the United States—spend the money here, buy from our own farmers, factories, mines, shops, and mills; and also to provide that Great Britain provide security for the \$7,000,000,000 of commodities and supplies that this Nation will turn over to her. I am satisfied that this motion to recommit will be defeated by the administration forces.

I have voted for every dollar asked for by the administration to strengthen our Navy and provide equipment and supplies for our Army and air forces. Our country must be thoroughly prepared to defend itself successfully against any attack on land, sea, and in the air. Such defense has not yet been provided for. Would it not be well for us to look first to the defense of our own country and to the needs of our own people?

The clouds hang heavier over our beloved country today than at any time in many decades. I am thinking of the future. With the policies being pursued, how can this Nation escape war, bankruptcy, and ruin and the loss of our own freedom and liberties? How different would have been our condition today had we observed the wise counsel and patriotic advice of Washington, Jefferson, Lincoln, McKinley, and other great Americans to avoid entangling alliances with foreign nations.

Believing that this measure means active war and is against the best interests of our own country, and our people I shall vote against it.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield back the time allotted to me and ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. ROBSON].

The question was taken; and on a division (demanded by Mr. ROBSON of Kentucky) there were—ayes 42, noes 96.

So the amendment was rejected.

The Clerk read as follows:

(6) Facilities and equipment, for the manufacture or production of defense articles, by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$752,000,000.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, on the day when this House raised the national debt limit to \$65,000,000,000, I offered an amendment to freeze it, temporarily, at least, to that figure, because I felt that any gesture at this time toward attempting to curtail expenditures in some degree would be a step in the right direction. Since then conditions have rapidly changed until now we see before us the demand for expenditures far and above any figure we had conceived of before. It is not my purpose, therefore, to rise in opposition to any attempt to secure the national defenses of our country and to make our country invulnerable to attack. Neither is it my purpose to rise today to oppose in any way, shape, or manner any force which seeks to preserve our form of government or those forces which are interested in the preservation of our form of government.

May I take this opportunity to embellish and elaborate to a certain extent upon some of the remarks which have

been made by several Members before me when they have mentioned the decentralization of plants and of the national-defense program. I am particularly reminded of the statement which the gentleman from Mississippi made somewhat earlier in the debate when he stated that he felt that industries and occupations which are engaged in the national-defense program have been concentrated too much in and about some of the great urban areas of our country, and that in the case of an invasion our industrial set-up would be seriously threatened.

I wish to reiterate that statement and also to point out to you that, as is being daily illustrated in the case of the British Isles, at least from information I have been able to glean, just such a condition of concentration of various industrial plants in Great Britain exists. I say to you that the bombings and the air raids, which are now taking place upon the great cities of London, Birmingham, Liverpool, and many other industrial centers and sections of Great Britain, would not be so effective if it were not for the fact that the industries and plants have been largely centered in these great areas of population. Therefore, at this time I call upon the National Defense Commission to make a concentrated study of every nook and cranny and corner in our broad land to the end that many of the vacant and idle plants and factories throughout the country may be brought to some sort of activity and be utilized for defense industry. I ask this Commission to consider all sections which are universally interested—and they all are—in forwarding our defense program. In conclusion, I want to take this occasion to tell the members of the National Defense Commission of the desire of numerous persons and firms within my congressional district who are patriotic and public-spirited to participate more actively in this great defense effort. These patriotic firms and individuals who have available extensive plants, resources, and materials are located in strategic places within my district and in the great State of New York. They deserve the utmost of consideration by the Defense Commission and should be given every chance to play their part in this most gigantic of all preparedness attempts. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, just as I considered a vote for the lease-lend bill a vote for dictatorship, war, and national bankruptcy, so I consider a vote for the sanctioning of the \$7,000,000,000 blank check to the President a vote for the same things.

The Congress having adopted a policy to aid Britain, it does not follow that we are committed to giving the President at one time this gigantic sum of money to be used by him as he pleases.

Since this money can be spent only over a period of several years, I think a smaller sum, certainly not more than half that amount, should be provided, and Congress should retain complete control over it and determine where and how it is to be spent.

It is definitely recognized by all who understand the true condition of the Federal Treasury that national bankruptcy is staring us in the face. The Federal debt, existing and contracted for, is now well past the \$100,000,000,000 mark and rising at an unconscionable rate.

Bankruptcy will mean to America the complete loss of our Constitution and whole way of life. It will mean permanent dictatorship and the enslavement of all, as we see it under Hitler and Stalin.

The effect of giving over this \$7,000,000,000 will do more to bring bankruptcy than it will to give us defense or to aid Britain.

In view of our own desperate financial condition, and in view of the fact that Britain has between fifteen and twenty billion dollars in overseas assets which she could use to pay for war supplies, I think it is wrong for Congress not to require those assets as security for the aid we are giving her. The facts relating to these British assets have been published by the National Industrial Conference Board.

Surely the aid to Britain would be just as effective if our loans to her were protected by those assets as if they were not so protected.

Why should Britain not be willing to give us this security?

I believe my first duty is to protect the interests of the people I represent. Under the circumstances I feel I would be doing them a grave wrong if I did not do all I can to protect them here.

The giving to the President this blank check of \$7,000,000,000, to scatter over the whole face of the earth in any manner he chooses to induce other countries to join him in, in my opinion, the most fantastic and irrational thing any parliamentary body ever did. There is nothing in all history that I know of that even remotely resembles this act.

And this seven billions is just a starter.

This scheme can end only in ruin and disaster for America.

The pro forma amendments were withdrawn.

The Clerk read as follows:

(7) Agricultural, industrial, and other commodities and articles, \$1,350,000,000.

Mr. RICH. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 3, line 4, after the figures, insert "Provided, That Great Britain lift the blockade against food for the starving women and children of European countries."

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to be heard on the point of order?

Mr. RICH. Mr. Chairman, I would like to be heard upon this amendment, and I ask the gentleman from Virginia to reserve the point of order.

Mr. WOODRUM of Virginia. Mr. Chairman, of course, I like always to accommodate the distinguished gentleman from Pennsylvania, from whom we

occasionally hear. I know that he is a great economist, and I plead with the gentleman as an economist of time. I reserve the point of order for 2 minutes, Mr. Chairman.

Mr. RICH. Mr. Chairman, I thank the gentleman from Virginia. If economy of time on the part of Members of Congress could in any way affect the \$7,000,000,000 bill now before us, I would like someone to point it out to me. Why should we be in such a great rush? I am from Missouri when it comes to being shown. The object of this amendment is this: In this bill we have about \$350,000,000 appropriated for foodstuffs for Great Britain. If we are going to pass a \$7,000,000,000 bill here to buy foodstuffs, to buy ships, to buy airplanes, to buy TNT, and powder and submarines to go to Europe to kill, kill, kill, it seems to me that we ought to be Christian enough to ask Great Britain to lift the blockade so that we could appropriate out of this \$7,000,000,000 at least two or three or four hundred million dollars to buy wheat and flour and vegetables and other things that would sustain life in the women and children who are dying in France from starvation, the women and children who are dying in Spain, the women and children who are starving to death in Austria, the women and children who are starving to death in Poland, and in Norway, and in Holland, and in other countries. Why is it that we are going to appropriate—a great, big nation like the United States—to furnish seven billions of dollars' worth of war supplies to bomb, destroy, and kill when we are not going to say to Great Britain, "We will not give you a damn ship or a piece of powder or dynamite to kill until you give permission for America to save the lives of some of these women and children who are starving to death?" We should insist on it; it is right; it is just; it is honorable; it is the right thing to do—the Christian act. Where is our good-nation policy?

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. RICH. Yes. I yield to the distinguished gentleman from Kentucky.

Mr. O'NEAL. What does the gentleman say of Hitler, who brought this condition about?

Mr. RICH. I would say to Hitler, "We will go for you ourselves eventually, if and when it occurs that we are not going to be permitted to ship things to starving people." And I will tell you how to get Hitler. That seems to be the whole thing now—how to get Hitler. If you will give \$5,000,000, I will wager that we can get 10 red-blooded Americans who will go over there and get Hitler; and it would only cost you \$5,000,000 instead of \$32,000,000,000. We have men who would go over there and get him, and it would not take an army nor a war, and you would not have to buy coffins, either, for a million men.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. In the opinion of the Chair the amendment is legislation

on an appropriation bill, and the point of order is sustained.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word. Of course every one of us like and admire the gentleman from Pennsylvania [Mr. RICH] who has just spoken. We all understand that he is a very kind-hearted gentleman whose statements are sometimes emotionally expressed, but the world outside does not realize that fact. We cannot permit a statement to stand unanswered that might give the gentleman from Pennsylvania a lot of publicity, but the Congress itself a lot of adverse publicity. He says that if he were given \$5,000,000 he could get Hitler. That statement is interesting to hear, but hard to believe. Furthermore, Mr. Chairman, the gentleman has shown a very belated love for the unfortunate people of Europe who are suffering as a result of the conquest by Hitler and his allies, and it entered my mind as to whether or not the gentleman from Pennsylvania had them in mind when he voted against the bill which enables this appropriation bill to be before us today. He should have thought of them then. It is very easy to come on the floor and make a lot of wild statements, but we are considering a bill on a serious occasion. The gentleman from Pennsylvania [Mr. RICH] has no monopoly on kind feelings for those who are suffering. It is a very complicated international question. We noticed in the papers yesterday where the President has recently acted and, as a result of that, vessels with food will go to France in the near future. We remember not so long ago that when five vessels went into France, supposed to carry food for the suffering people of unoccupied France, that one carried rubber, which was then shipped to Italy.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentlewoman.

Mrs. BOLTON. Does the gentleman think for a moment that the Germans are going to see that that food gets to the French?

Mr. McCORMACK. That is a very serious question. That is involved. Five vessels were supposed to go to France. Four of them carried food and one, afterwards, was found to carry rubber. That rubber landed in one of the unoccupied ports of France, so I am reliably informed, and was shipped immediately into Italy. Now, there is one of the questions.

The gentlewoman from Ohio has just raised the question as to whether or not I think Hitler will permit the French people to get that food. I hope so. I cannot say, but all I can say is that our Government will continue to do everything within its power to help the unfortunate people of unoccupied France and all the other countries. I think we should help the people of Poland, the people of Czechoslovakia, the people of Norway, the people of Belgium, the people of the Netherlands, and all other countries that have been conquered, if it can be done in a manner where those intended to be benefited shall receive the benefits; but certainly none of us would want to see food sent over there and find out later on

that, directly or indirectly, it was being used to benefit the powerful military machine of Hitler and his allies.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DINGELL. I presume the gentleman will agree with me that if food is permitted to be shipped to France at the present time, occupied or unoccupied, to Poland, or to the Low Countries, that Hitler and the Nazis will confiscate an equal amount—take it away from those unfortunate people whom we have in mind to relieve, and the net result will be that we will be aiding nazi-ism. I want to say here and now that I believe the people of Poland will sacrifice and starve just a little longer in order to finally and certainly cut the throat of Hitlerism.

Mr. McCORMACK. Well, the gentleman's statement is one we can all agree to. On one hand, I see innocent suffering people. On the other hand, I see a powerful war machine. I can understand the practical problem and I hope that machinery will be devised as a result of which our Government, under the supervision of an American commission, or any other neutral commission, will be able to render assistance to the unfortunate victims of conquest, without the powerful and vicious and destructive war machines being benefited.

I also join with the distinguished gentleman from Virginia in urging that this bill pass the House without amendment and by as nearly unanimous vote as possible, sending to the country and the world the fact that with the authorization bill passed, all of America rallies behind our President and our leaders in the enforcement of the lease-lend bill. [Applause.]

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, \$200,000,000.

Mr. MUNDT. Mr. Chairman, I offer an amendment, which is at the Clerk's desk:

The Clerk read as follows:

Amendment offered by Mr. MUNDT: Page 3, line 10, add to section 1 (b), before the period in line 10, "Provided, That no funds herein appropriated shall be expended in violation of article V, section 3, of the final act, agreed upon by the Consultative Meeting of Ministers of the American Republics at Panama on October 3, 1939."

Mr. WOODRUM of Virginia. Mr. Chairman, I reserve a point of order on that amendment until I can look at the amendment.

The CHAIRMAN. The gentleman reserves a point of order against the amendment. The gentleman from South Dakota is recognized.

Mr. MUNDT. Mr. Chairman, this is an important amendment and in no sense a political speech, and I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

Mr. WOODRUM of Virginia. Mr. Chairman, I dislike very much to object to any extension of time and I will not do it at this time, but because we must pass this bill today, after this I shall be compelled to object to any extension of time.

Mr. THOMAS F. FORD. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from South Dakota is recognized for 5 minutes.

Mr. MUNDT. Mr. Chairman, I think this amendment is tremendously important for at least two groups of people in this House and two groups in America. In the first place, I think it is of vital significance to that group which wants to keep this country out of war and wants to be sure that the allegations made of H. R. 1776, that it is a peace measure, are faithfully fulfilled.

In the second place, I think the amendment is of vital significance to those people in America who wish to maintain the solidarity of friendship between this country and the South American republics. I believe those two groups of people in America represent a vast majority of American opinion.

Let me say a word or two about the aspect of keeping this country out of war. In the first place, if this \$200,000,000 remains in the bill, it tends to encourage the bringing of war to America to the extent that we bring to our harbors belligerent ships of fighting powers, thereby running the risks of encouraging sabotage, bombing, and submarine attacks, and all of the other types of attacks which one enemy power makes on another in time of war.

In the second place this helps to interfere with the thing most Americans want, that is, to build our own American defense system, because every time we take ships off our shipways in order to repair some belligerent ships we retard and slow down the defense program of America.

More important than that I call attention to the fact that there is a danger of provoking war by engaging in this kind of program at this time. I have in my hand a newspaper clipping taken from the Philadelphia Inquirer of today; and I understand the Philadelphia Inquirer is not only the leading newspaper in the city of Philadelphia, but the most widely read newspaper in the State of Pennsylvania. The heading reads: "Norfolk to Repair First British Warship."

Let me read this to you. The article is under a Norfolk, Va., date line, dated March 18.

The first British warship to take advantage of the provision in the lease-lend law opening United States ports to British naval craft for repair and reconditioning is expected at the Navy Yard here next week. She is a cruiser. Her bottom is to be scraped of barnacles and she is to receive a coat of paint.

Before you vote against this amendment hear what this article has to say further:

Meanwhile it was learned that the United States Navy is changing its color to aid the British and confuse the Germans. American

warships are to be painted a dark gray—almost a black gray—the color prevailing in the British Fleet.

This, Navy men said, not only will make it difficult for U-boat crews to distinguish between United States and British ships, but will aid the latter in slipping into United States ports unobserved.

Five over-age destroyers—

Very similar in profile and type to those which we have already given to the British and thus almost indistinguishable from our own destroyers.

Five over-age destroyers and the minesweepers *Osprey* and *Raven* have already received their new colors. Ships in the Atlantic Fleet will be painted first, with the *Wyoming*, *Texas*, and *New York* being first among the battleships.

I call your attention, Mr. Chairman, to this diabolical distortion of the art of camouflage and submit that it is the first time in the history of the American Navy or the first time in the history of any Navy of any country that camouflage has been used to increase danger to one's own ships. Camouflage is intended ordinarily to reduce the danger, not increase it. This ghastly, war-promoting, danger-increasing distortion of the art of camouflage should be discontinued in the name of common sense and public sanity.

Until such activities as this, warlike in kind, warlike in nature, are checked and corrected I submit you have an obligation, a duty, to vote with me in support of this amendment which simply stops for the time being the use of this \$200,000,000 for purposes such as have been described in the article I have read and such as repairing belligerent ships in our harbors. If you meant what you said when you said this was a peace measure, certainly you should support this type of amendment.

Mr. Chairman, despite the determined opposition of a large minority, H. R. 1776 has become the law of the land, and has been ratified as our national policy. I voted against the passage of this act. I was afraid then and I am afraid now that it commits us to a very dangerous and unwise course of action in both foreign affairs and domestic policy. I greatly fear that America will be many years recovering from the impact of the lend-lease bill and all its implications. It has given the President powers which he has long coveted and imposed upon him responsibilities too great to be safely entrusted to any one man. I am frankly worried about what the President will do under the terms of the lend-lease bill which I have consistently opposed, but the operation of which is now solely the responsibility of the President and of the Democratic Party which worked hand in glove to force through this Congress a policy which I am afraid will be used to place American interest second and which willful, reckless men can utilize to plunge this country into war if they are willing to deliberately violate the solemn pledges they gave us that this bill was strictly and only a measure to protect and preserve peace for America.

I hope to God that my worries and fears are not well-founded but for the permanent record I must voice them. The President through his political con-

trol over Congress has embarked us upon an uncharted course which may quite unnecessarily involve us in a foreign war and in foreign ways of life which could have been avoided. The decision to exercise his vast political control to secure this coveted power was his; his control was great enough to drive the bill through Congress; his now, therefore, is the sole responsibility for redeeming his pledge to use it only to preserve our peace and to make good his promises not to send a soldier or a sailor into wars overseas.

Thus, Mr. Chairman, in all consistency I must vote for this appropriation bill, vast as it is, to provide the defense materials necessary to prevent this new legislation from becoming simply an invitation to dictators to attack us while leaving us defenseless against their attacks. I was and am against taking action which would invite attacks upon our peaceful Republic and which would serve to goad potential enemies into involving us into a shooting war.

Yes, Mr. Chairman, I am against the bill which extended such an invitation, but I most positively am not against securing the defense material to protect us against a threat to our national security, even though that threat be of our own making and be one which we could have well avoided by extending aid to Britain through more legitimate means, and at the same time build and protect our own defenses by placing American interests first. I am not ashamed to place America first, Mr. Chairman, because I love America most.

Since what I believe to be a safer, saner course of self-protection has been denied to us through the exercise of the vast Presidential control over this Congress and over my protesting voice and vote, I shall vote to spend the \$7,000,000,000 requested in this bill so that the President may have full opportunity, unimpeded by a reduction of the money he demands, to make good his pledge to use this measure to preserve our peace. If he should now fail to redeem that pledge; if he should now decline to keep the good faith with the American public; if he should, now that the power is his, thwart the public will by pushing us into war instead of protecting us against it, the responsibility and the stigma will be solely his. He has the bill he wanted—he will soon have the money he requested. If he now fails to make good his covenant with the citizens of America and takes on the slimy garb of a war-maker instead of a peace-protector, it will be because of his own bungling, his own bad judgment, his own lack of candor and sincerity. I shall not be a party to making carping criticisms of his use of the power which I opposed his getting; I shall not try to shave down his demand for funds to provide him an easy alibi by saying, "if you had given me a billion or two dollars more, my program would have succeeded." No, Mr. Chairman, much as I distrust the policy which has been adopted, I wish the President God speed and full success in using it in conformity with his public pronouncements to keep America out of war.

I shall not with my voice or vote hinder his success in that direction. I shall sup-

port his every move if he progresses toward peace and only when I am convinced that we have been deceived will I oppose him. But should it appear, soon or late, that President Roosevelt has duped the majority which blindly followed him and that he has taken steps, or is about to take them, which will move us from our present peace to the bloody ordeal of another foreign war, I shall oppose him with all the strength and vitality of my being. And so will America oppose him then. Now that he has the power and the policy he demanded and now that he is about to get the \$7,000,000,000 he has told us is needed to implement his program and to guard our peace, the job is his and the laurels if he wins or the lurid devastation if he loses will also be his.

Mr. Chairman, there is another reason I shall vote these \$7,000,000,000 if my amendment loses or the major portion which will remain in the bill if my peace-promoting amendment carries. Over 420 of us who sit as Members in this House must, perforce, make our decision on these appropriations without the benefit of anything like adequate information on its merits. Fewer than 15 Members of this House were permitted to sit in at the secret hearings when practically all of the significant evidence brought in about this bill by military and naval experts, as well as Cabinet officers, was made available. These 15 men have heard all the facts; they have weighed all the evidence; they were told the complete story. The other 420 of us know little more than do the readers of the daily press or do ardent listeners to the radio about the merits of this vast appropriation. The vital facts are sealed in secrecy.

While only five or six Republicans were included in the committee which weighed these secret hearings and sifted as best they could the propaganda and the hysteria from the factual findings, it is significant that all of those who heard the secret testimony, whether Republican or Democratic, are in support of this appropriation bill of \$7,000,000,000. I cannot bring myself to vote my uninformed opinion in opposition to these gentlemen whom we must trust and who have had access to all the facts. Their unanimous approval of these appropriations give me added reason to vote for them today, since we are illy equipped with evidence to oppose the testimony which they heard in secret session.

We Members of this Congress must have some degree of confidence at least in the good faith of one another. When all the Members of both parties who were privileged to hear the secret testimony tell me we should vote for these \$7,000,000,000 to give the President full and unimpaired opportunity to make good his promise to preserve our peace, I, for one, shall not set my judgment with its inadequacy of evidence against the united opinion of this committee of my colleagues. I only hope and pray with them that the President will use the funds as he has so frequently promised us he would. It is with a heavy heart that I realize that as a legislator I must rely so much on the good faith and the good

judgment of a single individual in a country which has so long been dedicated to the principles of representative government. I wish devoutly that it were otherwise today.

Mr. Chairman, again reverting to my amendment let me state that my proposal to eliminate the \$200,000,000 scheduled for use to repair belligerent foreign ships in American ports is not inconsistent with my resolve to abide by the verdict of those who heard these secret witnesses. It does not fail to harmonize with my willingness to give the President a fair and complete chance to have the funds he demands to pursue the policy which he has dictated. My amendment fits in well with my position.

I offer it here in the House as a helpful suggestion to implement the President's alleged desire for peace. I propose to keep the war away from America by this amendment by not opening our ports to warring ships at this particular juncture. I seek further information as to why the Navy, under the President's direction, always paints our ships to make them indistinguishable in color from British men of war. I ask the question, Just how does this conform with the President's pledge to protect our peace and to save our sailors from danger? The country and this Congress is entitled to the information. If there is some reason obscure to us at present why we should send our ships to sea in such a shade that underwater predators cannot tell them from those of its active foe, let those who have the reason make it clear. If the fortunes of war run so even, now that opening our ports to belligerent ships may mean the difference between disaster and success for the British cause, let us be given further evidence as it might affect our action on other matters of vital concern to the protection of our own defenses. What advantages might accrue to us from such a policy? How do they correspond with the accompanying disadvantages of offering just another possibility of war-provoking incidents?

Sir, my amendment does not close the door forever, but it would give us time to find the facts and it would help protect our peace while we are searching for the truth. Surely the delay or defeat of a program which threatens to bring war to our very ports can do no great harm and a more careful, thorough analysis of all this policy implies might do great good.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I ask unanimous consent that the gentleman may have 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MUNDT. I appreciate the extension of time because there is another angle of this problem I want to touch upon. Let me first say, in concluding the foregoing thought, that we in no sense tie our hands in Congress if we accept this amendment. The committee can come back in 3 weeks or 6 weeks from now if the necessity be thought to require it, and consider an appropriation of \$200,-

000,000, or whatever sum may be necessary, to make certain harbors available for certain purposes; but in the first place we should be sure that the fine art of camouflage is not being used to encourage the sending of mothers' sons down to Davy Jones' locker under a system like this described in the Philadelphia Inquirer this morning. Now I shall speak on the other aspect of this amendment.

On October 3, 1939, at the Panama Conference we entered into certain solemn obligations and moral commitments with the South American republics, and I read to you verbatim the language of article V, section 3, of the final act of the Panama meeting, to wit:

It is resolved to declare that with regard to their status as neutrals, there exists certain standards recognized by the American republics applicable in these circumstances and that in accordance with them they:

(a) Shall prevent their respective terrestrial, maritime, and aerial territories from being utilized as bases of belligerent operations.

This item in the bill is in direct circumvention of that solemn agreement entered into in the good faith of the United States with the South American republics. To those of you who with me wish to retain the solidarity and friendship of our South American neighbors I urge that we act in good faith. Let us at least postpone the enactment of this \$200,000,000 provision in direct circumvention of these pledges until we have had an opportunity to consult and advise with the ministers of the South American republics to be sure that this innovation in established policy, this negation of our obligation is an agreeable and acceptable one to them.

I do not believe the United States in the Western Hemisphere should begin the Hitlerian application of international law, that anything that suits the biggest power must suit the lesser powers. Surely we do not want to assume a policy in the Western Hemisphere that our national honor is not to be respected when we enter an agreement with our neighbors to the south. Surely we do not want to force feed our decisions on what is wise and what is prudent to the South American republics with the same disregard for their national interests and opinions that Hitler is now using in his diplomatic relations with the Balkan states.

We have an obligation to the South American republics to make good on that Panama Conference which we entered as a voluntary agreement, and if we hope to retain their respect and confidence, if we hope to have their cooperation, as I think we should, in stamping out subversivism in the South American republics, first of all we surely must substantiate our own good faith by maintaining our printed word and our solemn obligation with those South American republics.

I urge you to agree with me in this amendment, which would simply delete \$200,000,000 from the bill, permitting the rest of the \$7,000,000,000 to become available as soon as the bill is passed, in order that we may additionally safeguard the

peace of America and in order that we may maintain the good word and the good name of America as it is related to South American republics. If we would be good neighbors we must first of all be faithful promisers.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, I wonder if the gentleman would object to my having 5 minutes? I have not spoken on this bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes, saving 2 minutes for myself.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mrs. BOLTON. Mr. Chairman, reserving the right to object, I would like some time.

Mr. WOODRUM of Virginia. On this amendment?

Mrs. BOLTON. Yes.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama.

Mr. PATRICK. Mr. Chairman, in rising in opposition to the amendment offered by the gentleman from South Dakota, I do so in order to say a word discouraging Congressmen from reading some little matter on the floor and in doing so get to thoroughly feeling grounded and qualified to present something for action by the body. The gentleman from South Dakota who just closed his argument has read an article here from the Philadelphia Inquirer and seriously offered an amendment to a proposed law of the land. He has not had time, of course, to find out what may have led the military affairs branch of this Government and all of its consultants to take this action, if it is true. He does not know what the ramifications may have been which justified this and, it may not have been done at all. All he has to go upon is the report apparently of one reporter to one paper in the entire United States. I think we sometimes have a habit of going off half-cocked and that a one-man statement of an unguarded moment frequently goes out as a voice from the floor of the Congress of the United States. That is all I have to say.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, I am not sure that anyone else approaches this bill in quite the same position as I do, although I feel perhaps some do who have not expressed them-

selves so far. As far as the United States is concerned, it is my feeling that we are traveling a pretty narrow road at the present time. I am afraid that we have passed the fork in the road which marked involvement, and the bridges are either washed out or are burned behind us. As far as I am concerned, I thought I saw many places along the road before where there were danger signs and I did my best to call attention to those danger signs. I opposed traveling this road, I opposed taking this fork in the road, but the President of the United States and the Congress have said we are going to try to make guns, and ships, and planes for one side in this war, and hope that Hitler will not be able to do anything about it, or will deem it prudent not to try. We cannot now turn back; we can only try to stay on the road. There is only one consideration that can be brought before the Congress at this time and that is, how can we give this aid and keep the war away from our shores? What is best for the security of the United States when we have taken the position that we have already taken?

Mr. Chairman, throughout the entire debate upon the lend-lease bill, and in the debate that the country has been hearing, we have been assured that we were going to try to walk this narrow road from here on out without falling off into the abyss of a shooting war. The reason I want to support the amendment offered by my colleague, the gentleman from South Dakota, is that it seems to me he has put his finger upon one of those very touchy points where we may bring the war to our shores and into our harbors.

During the last Presidential campaign, the President of the United States, speaking at Philadelphia in October, said:

To every man, woman, and child in the United States, I say this: Your President and your Secretary of State are following the road to peace. We are arming ourselves, not for any foreign war. We are arming ourselves nor for any purpose of conquest—

And get this:

not for any purpose of conquest or intervention in foreign disputes.

What is intervention in foreign disputes? I quote again. The President further said:

I stand on the platform of our party. We will not participate in foreign wars and will not send our Army, Navy, or air force to fight in foreign lands outside the Americas except in case of attack.

The reason I think the amendment offered by the gentleman from South Dakota [Mr. MUNDT] should be adopted is that this section before us invites that attack. The repair of vessels in our harbors, the use of our shipyards, invites attack, and when that attack comes, you and I know what the danger will be for the United States.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. Does the gentleman believe it is any more dangerous to repair a ship than it is to build a

ship for Great Britain? Under the bill we are going to build ships for them. Is it any worse to repair one than to build one?

Mr. CASE of South Dakota. We will still have the title to those ships we are building until they are turned over. We have a perfect right to build as many ships in our own name as we desire, and while they are in our name it is nobody's business but our own. This proposal, however, in the bill as it is written is to appropriate funds for the repair and conditioning of ships to which foreign belligerents have title, and that is in violation of every precedent of international law. It is a direct invitation to attack. It makes a potential base for Britain out of every harbor we own. It brings the war inside the 600-mile neutrality zone created by the Inter-American Congress; yes, it brings the war inside the old 12-mile zone, inside the old 3-mile limits. It brings the war to our docks and shipyards.

I realize that when you hit a man you cannot afford to hit him softly. For that reason, I have not voted for the amendments to cut down the total of this bill. Over my protest, against my judgment, the Congress adopted the policy of providing guns and planes and ships, on the plea that by passing the lend-lease bill we could keep the war away from our shores. The step was taken. I am in favor of trying to go through with it on that basis. Therefore I am not voting to cut down the amounts in this bill, but I do believe we ought to try our very best to walk the narrow road we have outlined for ourselves and not invite the attacks that will bring the war to our shores and create the incidents that will lead this country into a shooting war. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Chairman, I rise to speak for the Mundt amendment to the \$7,000,000,000 lend-lease appropriation bill. This amendment bars the use of any part of this \$7,000,000,000 for the repair of belligerent vessels in our harbors. I support the amendment for two reasons:

I hold the reputation and honor of my country very high. It seems to me this bill puts us into grave danger of breaking faith with the whole Western Hemisphere. Our agreement with the Southern Republics should prevent our permitting the repair of belligerent ships in our harbors. Without this amendment shall we not be breaking this agreement, or has the State Department clarified the matter with our neighbors on the south?

I know quite well from my experience on the Committee on Foreign Affairs during the consideration of H. R. 1776 how impossible it is to make any impression upon the minds of the majority. I recognize that the passage of this measure is inevitable and that it will probably be passed, as the gentleman from Virginia [Mr. WOODRUM] has said, "without amendment." But I want to speak in behalf of this amendment which would help us keep faith with the New World.

When a measure becomes law in our Republic, we have considered ourselves obligated to uphold the law. The passage of H. R. 1776 goes very hard with some of us who feel in all sincerity that the country is being led rapidly away from peace. I say to you members of the majority, that we will hold you responsible if there is war. You have said all along that this is all for peace. Then keep us at peace. The mothers of the United States, yes, all the women of this country, expect that of you and will hold you, and the Chief Executive you represent, wholly responsible. Those of us who are on the minority side, who have fought as hard as we know how to keep this country out of war, expect you to keep your word. All the people who voted for you have the right to expect that of you. So if you do not keep faith it will be a sorry world. If we have gone so far along the way of war behind a smoke screen of your promises that there is no return possible, then it is indeed tragedy.

We who vote with you in this will do so because H. R. 1776, called by your leader this afternoon the "lend-spend" bill, has become a law. But the responsibility lies with you! We have done all it is humanly possible to do to put limitations that would not obstruct the main issue but which would have protected our people from the unrestrained actions of those to whom power has been given. You have refused to acquiesce in any of these protective amendments. The full burden of the future rests upon you.

I ask you again, What are you going to do with it? I ask you also, What is America to you? What are you making of America in its relation to the world? What kind of a world are you building? You of the majority party, you who are responsible . . . is it to be war or peace? You have promised peace. Do you keep your word?

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. WILSON].

Mr. WILSON. Mr. Chairman, the question before us now is not what end do we seek, but what means shall we seek to arrive at that end. At least I sincerely hope that each and every Member of Congress is looking forward to a free and solvent United States of America.

I stand for, and have voted for, and will continue to vote for, appropriations to build up and maintain a defense in this country second to that of no other country or combination of countries. I believe if we are to remain a free people we must, above all things, be able to stand on our own feet. That has always been my policy and, personally, I have never felt very safe while dependent on the good faith of someone else.

I do not believe the democratic way of life can exist in a country that is insolvent. Further, I do not believe this country can remain solvent and at the same time underwrite a victory for all the democracies of the earth and continue to guarantee their boundaries. I do not believe we can, or would want to, establish a world capitol in Washington. We have not solved the domestic problems of our own people here at home in the greatest country on earth; therefore

I do not believe we can solve them for the rest of the world.

A man in a feeble-minded institution was seen hitting himself on the head with a hammer. When asked why he was doing that, he replied, "It feels so good when I quit." I suppose, since the President hates war so much, he is going into it because it will feel so good when it is over. I suppose you are going to vote the \$202.02 tax on every family in the United States because they will feel so good when it is paid. Oh, yes; but when that is paid they will not feel so good when they are told that there is \$997.98 yet to pay which has been heaped upon their heads by this administration. If this bill passes it will cost the people in my district \$55,000,000, not counting interest. Their total debt will be \$505,000,000, or \$1,875.90 per family.

With this tremendous debt heaped upon our heads, how are we going to maintain free institutions in an insolvent country? I maintained that by following this very war philosophy, we are automatically destroying free institutions and the democratic way.

On April 5, 1917, 373 Members voted to enter the World War. Each Member voting for that resolution voted away the lifeblood of 322 boys, not counting the injured, to say nothing of the suffering. That war did not make the world safe for democracy. Neither can this war or any war make the world safe for democracy. However, we can continue to edge into this war until you too, can spill your share of American blood on foreign soil. Yes, it is your privilege, but I hope and trust that it is not your pleasure.

It took 1,600 pages of hearings to get the farmers \$712,000,000. It has taken only 74 pages to get foreign countries \$7,000,000,000, or 10 times as much. Wake up, farmers!

Our country will never be invaded from without. Its grave danger is from within. We have paid only lip service to home people, while we are paying billions to others. How can our suffering aged, whom we promised relief; our farmers whom we promised parity, our own veterans at whose expense we economized; feel that we stand for America and Americans first? They will pay this bill if it is paid, by the sweat of their brows, and many will find themselves deprived of the very things they are asked to fight for.

I have only one face, and I wear it at all times. I cannot look in one direction (peace) and travel in another direction (war). I cannot speak one thing, and mean another. I believe in America first, last, and always. God help us to save her and her people from war from without, and destruction from within.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. LUTHER A. JOHNSON], to whom the gentleman from Virginia has yielded the remaining time.

Mr. LUTHER A. JOHNSON. Mr. Chairman, this amendment ought to be defeated for two reasons. First, this is not the time or the place to amend H. R. 1776. That bill was considered for 3 weeks in our committee. It was debated

for 1 week on the floor of this House. It was considered for weeks in the Senate. Every possible amendment that could be thought of or suggested was made, analyzed, and voted upon. Now, when we are here to carry into effect that law and to make appropriations to provide funds with which to make it effective, is not the time to seek to change that law, which is what this amendment seeks to do. This bill we are now considering is an appropriation bill only, and it should not be encumbered with legislation.

Second, this very amendment or a similar one was rejected when H. R. 1776, the so-called lend-lease bill was under consideration by the House.

This amendment was thought of and considered when we had that bill before our committee. Secretary Hull was questioned with reference to this very matter when he appeared before our committee in the hearings on that bill. The effect of this amendment would be to hamstring the President on this important subsection (b), providing for testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of our country, and that is what this amendment is designed to do, and it should be rejected now, and I believe that it will be.

Mr. Chairman, in response to the charge by the gentleman from Ohio [Mrs. BOLTON] that if war comes the responsibility for it will be laid upon those of us who voted for H. R. 1776, let me say that we assume all responsibility for our vote, and we have no apology therefor.

We love peace as much as do the opponents of that bill, but when we passed H. R. 1776 some weeks ago, and as we pass this bill now appropriating the money to carry it into effect, we were and are now in a crisis, the gravest in our history—the very safety of our Nation is threatened as everyone familiar with the facts knows to be true, and we voted for it with the deep and profound conviction that it was necessary for the defense and preservation of the United States of America.

No one knows whether or not our country will become involved in war, but if it comes the supporters of that bill will not be responsible. Not we, but a certain individual in Berlin, Germany, will decide when this country goes to war. You cannot point your finger at those who supported this bill, if war comes, and say, "You are responsible," because it is those who created this condition, those who are carrying out this condition, it is the dictator nations of the world that will determine when war comes. They will not consult us, but will attack us whenever they think it is to their best interest to do so.

That bill was voted upon to keep war away from this hemisphere, and we believe that it will. I am glad to see that some of those who opposed the other bill are now in favor of this bill. I am glad to see that the distinguished gentleman from New York [Mr. TABER], who said he is hard-boiled and he is when it comes

to figures, after studying this bill says it ought to be passed and is supporting it.

Mr. Chairman, I respectfully and earnestly urge that this amendment be defeated. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. MUNDT].

The question was taken; and on a division (demanded by Mr. MUNDT) there were—ayes 62, noes 167.

So the amendment was rejected.

The Clerk read as follows:

(c) Not to exceed 20 percent of any of the foregoing eight appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased by more than 30 percent.

Mr. REED of New York. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I owe allegiance to only one country. I intend to discharge my duties in this Congress at this time on that basis. I am not concerned in regard to the war abroad except to deplore it, but I am more concerned in regard to my own country, the land of my birth, the land of the birth of my forbears. The highest duty I can perform in good faith to the people who have honored me by sending me here, and my duty under my oath is to preserve, protect, and defend my own country from enemies within or from without.

I shall vote with enthusiasm and with all my heart and soul for every appropriation that will build up our own national defense on land, in the air, and on the sea. I will do that for my country, and gladly. I will vote and I will act in every way to make our arms invincible from any invading enemy. I have pledged myself to my people that not with my vote will their American sons be required to follow down the same bloody path of sacrifice that they did in the last war.

I challenge no man's patriotism on this floor. This is a grave hour. For days every man and every woman on this floor has gone to bed with prayers and with their conscience, and, I assume, asking for Divine guidance that they may act as patriots when called upon to vote at this crucial time. There are a few facts, however, that, perhaps, color my reasons and my conclusions, and you also may possess facts that I do not possess.

I admit that my whole attitude toward these questions pending now is colored by what happened 22 years ago. Not once, so far as I know, on this floor, has any attention been called to veterans' hospitals scattered over this country in which are incarcerated the blind, the legless, the insane; their lives destroyed and their bodies committed to a life of suffering. These boys are the pitiful wrecks of the last war in Europe in 1917-18. You had better think that over as you go down this path to war, and let me tell you something else, and I challenge any man to refute the accuracy of my statement. I was told by a British official before war was declared overseas, "Yes; there is going to be a war, but it is going to be a phony war." I said, "Phony, in what respect?" "Oh, not so much kill-

ing," he said. "The industrialists of England and of France and of Germany and of Russia have agreed among themselves to carry on a war to destroy the economic barriers of the small countries and wipe out their boundaries in the interest of trade, and when that has been done areas of control will be assigned to each country." I said, "What about Hitler?" He said, "He is window-dressing for the big boys." Have you looked over the situation? It sounded preposterous to me in this day of civilization that any such intrigues could be engaged in by any nations on the face of the earth. I am talking about the foreign industrialists involved in such a conspiracy against inoffensive, peaceful nations.

[Here the gavel fell.]

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Now, I ask, have you observed the scene abroad? I have watched it from that angle. I hardly dared to mention it to a soul, because the scheme seemed preposterous, but I have watched it. Look back over the record and see how many countries were taken over with practically no resistance. What about Czechoslovakia? They did not want to surrender; they were told to surrender to Hitler by the powers that be in Great Britain, and one by one other small countries were taken over. Finally, something happened, and what was it? Oh, somebody, like all bandits and thieves, sitting around the table to divide up the spoils, was dissatisfied and then the war broke forth in all its fury. I say to you here and now, and the fact may be denied here and now, but our State Department knows that that situation is gospel truth and it will not tell it to the people now any more than many of the disclosures that came to light only at the conclusion of the last war.

I want to tell you that I am not criticizing any Member for the vote he may cast today, but with these facts within my knowledge I am going to resist every step toward war (applause), as I did on the lend-lease bill and as I shall by my vote against this \$7,000,000,000. [Applause.]

Washington, gazing down upon you from the painting at my right, warned you that you could not afford to trust your freedom to the intrigues of foreign nations, and he laid down a foreign policy from which we departed in the year 1917.

So I say to you I shall never criticize any man who votes on this, and I shall give him credit for being patriotic, but I say to you, speaking for myself, if I had cast a vote for the lend-lease bill or if I were to vote for this bill today I would consider myself a traitor to my country.

Mr. PLUMLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection?

Mr. MUNDT. Mr. Chairman, I reserve the point of order and ask the gentleman from Virginia to make that 6 minutes, as I have a short statement I wish to make.

Mr. WOODRUM of Virginia. Mr. Chairman, I modify that to 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia that all debate on this paragraph and all amendments thereto close in 6 minutes?

There was no objection.

Mr. PLUMLEY. Mr. Chairman, I take advantage of my rights under the remarks just made to assert that I am going to vote for this bill to prevent the establishment of any more hospitals, insane asylums, and to keep the Americans out of this war. [Applause.]

Mr. MUNDT. Mr. Chairman, a few minutes ago I read a newspaper article from the Philadelphia Inquirer, pointing out that our American battleships are being repainted in British colors in order to confuse submarines and bombing planes. The gentleman from Alabama [Mr. PATRICK] questioned the authenticity of these remarks and said that perhaps I had not adequately considered their accuracy. He is an alert gentleman, and I hereby publicly challenge him in this House and before the public press to call up the Navy Department and inquire about it and then come back to the House and refute the authenticity of the article.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. My time is exhausted.

The Clerk read as follows:

(f) In all, \$7,000,000,000, to remain available until June 30, 1943.

Mr. DIRKSEN. Mr. Chairman, I make a point of order against the language in lines 19 and 20, page 3:

In all, \$7,000,000,000, to remain available until June 30, 1943.

I desire to be heard upon the point of order. I say at the outset that this is not made as a dilatory motion nor is it the purpose to hamstring or modify any feature of the bill. This appropriation, of course, derives its entire authority from the act of March 11, 1941, and in section 3 (c) of that act there is a provision that the powers under the act of March 11 can be exercised until the 30th of June 1943, unless sooner terminated by a concurrent resolution passed by both Houses. It is conceivable that if a concurrent resolution were adopted by Congress, you would have available here \$7,000,000,000 for which there was no authority—\$7,000,000,000 just fairly floating around. It occurs to me that the language in lines 19 and 20, which makes the entire amount available until June 1943, in that sense, particularly contravenes the authority of the organic act, and for that purpose I make the point of order. Mr. Chairman, if the point of order should prevail, I am prepared to offer an amendment reinserting the language now carried in the bill, together with the proviso that brings it in line with section 3 of the act of March 11.

Mr. CASE of South Dakota. Mr. Chairman, I ask to be heard upon the

point of order. It occurs to me that the language on its face is patently subject to the point of order, because it constitutes legislation making the appropriation available beyond the period of the fiscal year in which the bill is proposed to be passed. Almost all authorizing legislation that is adopted by Congress authorizes appropriations to carry out the purposes of the act, but without provision in the appropriation act itself, the appropriation never carries beyond the fiscal year. The last section of this bill, section 5, reads—

This act may be cited as the "Defense Aid Supplemental Appropriation Act, 1941."

During the debate upon the lease-lend bill we were repeatedly told by those in charge of the bill that it was not an appropriation bill, that it did not carry an appropriation. Now either it did create appropriations for more than a fiscal year or this language in section 1 (7) (f) which would make the appropriation available for more than 2 fiscal years is legislation.

In addition to that, the legislation proposed here is a contravention of the Constitution, and that of itself should make it subject to the point of order, because it seeks to amend existing law, namely, the basic law, the Constitution of the United States. The Constitution specifically provides that Congress shall have power—to raise and support armies, but no appropriation of money to that use shall be for a longer time than 2 years.

Obviously, if this bill should be passed at this time carrying language to make the appropriation available for 2 years following the next 30th of June, it exceeds the period of 2 years.

It may be that on the face of the bill it is thought that this appropriation bill does not provide support for armies, but I call the attention of the Chair to the fact that under sections of the bill not yet read, section 2 and section 3, it is specifically provided that the President may transfer parts of these appropriations to our own defense agencies, including the Army.

I also call attention to the fact that in the definition of "defense articles" in the basic legislation, defense articles are defined to be any commodity or article for defense. Certainly that includes commodities for the support of armies.

In references to "agricultural commodities" the suggestion has been made repeatedly that funds herein will purchase food and supplies which will be for the support of armies. Consequently, with the authority proposed to be given to the President here to transfer these appropriations, he would be given authority to transfer appropriations for the support of armies for a period beyond 2 years.

Mr. WOODRUM of Virginia. Mr. Chairman, in the first place, we must bear in mind that this is not a fiscal year appropriation bill. It is not in the usual form of the general appropriation bills appropriating money for a specific fiscal year. This bill appropriates money to carry out Public Law No. 11 of the Seventy-seventh Congress, known as the lease-lend bill.

The powers under that act conferred by section (3) (a) may be exercised until

June 30, 1943, or until terminated prior thereto, by a concurrent resolution pursuant to section (3) (c). The appropriations made in the bill before the House are made—

to enable the President, through such departments and agencies of the Government as he may designate to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941.

And so forth. The act referred to is Public Law 11.

The point made by the gentleman from Illinois [Mr. DIRKSEN] is not tenable. The gentleman makes the point that inasmuch as the powers of the President under Public, No. 11 of the Seventy-seventh Congress might be terminated at a certain time before June 30, 1943, the language in line 20 of this bill making the money available until June 30, 1943, might give him the right to exercise his powers and spend money beyond the time when the powers under Public Law 11 had terminated.

The appropriations in this bill being made in specific terms to carry out the powers conferred by Public Law 11, the termination of the powers under that act would be reflected immediately upon the appropriations made to carry that act into effect. The two go together. He could not exercise any powers under this bill which he had ceased to have under Public Law 11, because the purpose of this bill is to implement that law.

On the point of order made by the gentleman from South Dakota [Mr. CASE], the Constitution provides, of course, that no appropriation to raise and support armies shall be for a longer term than 2 years. There is nothing whatsoever in this bill about raising or supporting armies. This bill is for the specific purpose of providing defense articles for governments whose defense is vital to the defense of the United States. There is nothing in here whatsoever about pay, sustenance, clothing, or personal equipment of soldiers of armies of the United States. The word is not mentioned in this entire bill or in Public Law 11, and by no stretch of the imagination could this bill be construed as a bill to make an appropriation to raise or support armies of the United States.

Therefore I think the point of order is not good, and I ask that it be overruled.

Mr. TABER. Mr. Chairman, may I be heard on the point of order for a moment?

The CHAIRMAN. The Chair will be pleased to hear the gentleman from New York.

Mr. TABER. Mr. Chairman, I want to be heard especially on the part of the point of order that relates to the appropriation for a longer period than 2 years. This bill is an act making supplemental appropriations for the national defense.

In section 2 it reads:

If any defense article procured from an appropriation made before March 11, 1941, is disposed of, under such act of March 11, 1941, by any department or agency to the government of any country whose defense the President deemed vital to the defense of the United States, the President may transfer, from the appropriations made by this act to the appropriate appropriation of such department or agency, an amount equivalent to the value

(as computed for the purposes of the \$1,300,000,000 limitation contained in section 3 (a) (2) of such act of March 11, 1941) of the defense article so disposed of, but not to exceed in the aggregate \$1,300,000,000.

Section 3 provides that any defense article procured with the money under this bill can be, if the President deems it in the interest of the United States, transferred to the proper defense unit of the United States.

This language in the Constitution is very broad. To "raise and support armies" means not only to authorize the raising of an army, but supporting it; to provide them with ammunition, to provide them with guns, to provide them with all those things, such as airplanes, forts, and all that sort of thing, that are required for that purpose. It is not narrow and restricted language. It is the authority upon which we make all of those appropriations from year to year. It seems to me that with that situation it is absolutely impossible that we, under the Constitution, have the power to make an appropriation for that purpose available for more than 2 years.

I hope the Constitution can be observed.

The CHAIRMAN (Mr. LANHAM). The Chair has listened with interest to the arguments pro and con with reference to this point of order.

The Chair knows of no authority by which it is the function of the Chair to pass upon a constitutional question. The Chair therefore directs attention to other features of the argument with reference to the point of order and calls attention to the fact that this is not a fiscal year appropriation bill but that it is an appropriation bill made in accordance with the provisions of the act of March 11, 1941.

The Chair would quote from that act, section 3, subsection (c), this provision:

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

In the opinion of the Chair, in view of the fact that Public, No. 11, the act of March 11, 1941, by its terms stipulates and provides that neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to that act, after the expiration of certain dates, or after the concurrent resolution has been passed by the House of Representatives and Senate, the appropriations would thereby become ineffective were such action taken.

In the opinion of the Chair, the point of order should not be sustained, and the Chair so rules.

Mr. PLUMLEY. Mr. Chairman, will the Chair hear me with respect to the ruling, or is it too late?

The CHAIRMAN. The Chair has passed upon the point of order from the standpoint of everything except the constitutional question. That is not the obligation of the Chair.

Mr. PLUMLEY. That is the very question, if the Chair please, to which I should like to address myself if I am in order. If I am not in order, I will not press my request.

The CHAIRMAN. The question of the constitutionality of a measure, the Chair will state, is one for the House itself and not for the Chair to pass upon.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: On page 3, line 20, strike out "June 30, 1943," and insert "2 years from the effective date of this act."

Mr. CASE of South Dakota. Mr. Chairman, before addressing myself directly to the amendment, in order that the record on the point of order on which the Chair has ruled may be made clear, I should like to call attention to the fact that the lease-lend bill specifically provided in section 6 (b) that the money which may be received from any government—

shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended—

And then it goes on to say that—

they shall be available for expenditure for the purpose for which such expended funds were appropriated by law during the fiscal year in which such funds are received and the ensuing fiscal year.

In other words, there was an apparent attempt on the part of the writer of the bill to hold the appropriation of repaid funds to 2 fiscal years, attempting in that way to observe the spirit of the Constitution.

Now, then, it is perfectly within the power of the House, sitting as a Committee of the Whole this afternoon, to keep within the spirit of the Constitution without in any way endangering a single objective of the bill before us. The amendment is very simple. Instead of using the words "June 30, 1943," it provides that these funds shall remain available for—

2 years from the effective date of this act.

This certainly is in keeping with the spirit of the Constitution.

The reason this amendment does not injure the bill in any respect is to be found in the testimony before the deficiency committee, and which is summed up in a statement in the report on the bill, which report is before you. I quote from page 7:

The committee was advised that substantially the entire amount of the funds provided would be required prior to July 1, 1942.

That means it is needed within 15½ months. Yet the language of the bill would give them an additional year, even at the risk of needlessly violating the Constitution.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. CASE of South Dakota. I yield.

Mr. TABER. There is not any question but what all of this money was brought in to us as something that would be used within 1942. The Constitution clearly requires it, and I believe we ought to accept the gentleman's amendment and comply with the Constitution.

Mr. CASE of South Dakota. I appreciate the contribution of the gentleman from New York, and I appeal to the Members who have said we are going to do this thing in a regular way, that we are going to retain control of the purse strings, that we are going to retain the power of Congress—I appeal to them in all sincerity that here is an instance where we should exhibit the power of a democracy to work as it should, not to fly in the face of the Constitution. Three months at the other end does not make any difference so far as the effect of spending the money is concerned; but if we can violate the Constitution today and create a period of 27½ months for appropriations for the support of the Army, when the Constitution says the period shall not be longer than 24 months, that difference will widen and the constitutional limitation will be successively ruined by circumvention and direct violation. [Applause.]

[Here the gavel fell.]

Mr. HOOK. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

Mr. HOOK. Mr. Chairman, I will not take the 5 minutes allotted to me.

The statement was made this afternoon by the gentleman from South Dakota [Mr. MUNDT] to the effect that our battleships, by orders of the Navy Department, were to be painted in such a way as to confuse the Germans so that British ships could slip into our harbors. Following that he said he would defy anyone to call the Navy Department, and that it could not be denied by them. Upon hearing that statement, I became very much concerned and did call the Navy Department and talked to none other than the Secretary of the Navy himself. Mr. Knox informed me that I could quote him as saying "that there was not a scintilla of truth in that statement."

The Secretary of the Navy, I repeat, himself stated there was not a scintilla of truth in that statement. He did say, however, that about 4 months ago the Navy changed a little of their painting methods and made their color a little more muddy, but there was nothing at all done by the Navy in any way to confuse any other nation or in any way to aid anyone along the lines reported by the Philadelphia Inquirer. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. O'NEAL. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from South Dakota [Mr. CASE]. In the first place, the Constitution does not attempt to stop what the

gentleman states it does. The Constitution is meant to provide for regular appropriations to various governmental departments for 2 years, and it states:

To raise and support armies, but no appropriation of money for that use shall be for a longer term than 2 years.

The Constitution does not attempt to say that you cannot use anything else that you may have or provide for the Army beyond 2 years. That is a stretch of the imagination, in my opinion, in interpreting the Constitution.

The committee considering the lend-lease bill wrote this provision into the law with a definite purpose in mind. It wanted the time limit to be what it is. It puts those dates in there so as to give sufficient time. It is not correct to state, as the gentleman from South Dakota did, that this provision in the bill is designed to spend all the money in the short time of 2 years. It is not. There are authorizations and expenditures running beyond the 2 years. Therefore, if you attempt to do what he is attempting to do here, and if you now go along with his attempt to do by amendment what failed on a point of order, you will be defeating part of the main purpose of the lend-lease bill and this appropriation bill. Undoubtedly a time limit in here is a necessary part of the proposition, and if you are interested in carrying out the provisions of this bill and working for the defense of this country by aiding England, you will certainly be opposed to the amendment. I trust it will be voted down.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. O'NEAL. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Was not the gentleman present in the deficiency hearings when this question came up on three different occasions, and the testimony was that it was expected the money would be spent during the fiscal year of 1942? My amendment gives them 2 full years.

Mr. O'NEAL. The gentleman left out the word "substantially." When the gentleman stated it would be spent, in his statement, he used the word "substantially," which is highly important. When \$7,000,000,000 are to be spent a substantial part to be spent in 2 years might mean five or six billion, while the balance of one or two billion might be spent after 2 years.

Mr. CASE of South Dakota. The gentleman recognizes that if the sum should not be spent within the time set forth in the Constitution it would be a simple matter then to continue the availability of the unexpended balance.

Mr. O'NEAL. Why hamper it by trying to do something that will require further legislation?

Mr. CASE of South Dakota. If you have 24 months in which to spend this money, how do you hamper the program?

Mr. MCGREGOR. Will the gentleman yield?

Mr. O'NEAL. I yield to the gentleman from Ohio.

Mr. MCGREGOR. Does the gentleman in his opinion feel that under the present speed of our defense program this money will not be spent within 2 years—this \$7,000,000,000?

Mr. O'NEAL. I am not in any way criticizing the speed of the program, but I do believe that part of this money will not be spent in the first 2 years.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. HESS. Mr. Chairman, I move to strike out the last word, and I rise for the purpose of answering the gentleman from Michigan [Mr. HOOK] with reference to a statement made by the gentleman from South Dakota to the effect that the United States Navy is repainting its ships. As a member of the Naval Affairs Committee when that statement was made by the gentleman from South Dakota, I checked with the Navy Department, through the Bureau of Ships, and I was informed that the ships of the United States Fleet are being repainted in dark gray, a color similar to the ships of the British Fleet, and that they will probably resemble the *King George*. [Applause.]

Mr. HOOK. I happened to have talked to the Secretary of the Navy.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. CASE].

The question was taken; and on a division (demanded by Mr. CASE of South Dakota) there were—ayes 83, noes 121.

So the amendment was rejected.

Mr. JONKMAN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. JONKMAN: Page 3, line 20, insert "Provided, That no part of any appropriation contained in this act shall be used for the emplacement of facilities, the extension of plants, the acquisition of sites, the manufacture of defense articles, or compensation for the procurement or manufacture thereof, outside the boundaries of continental United States."

Mr. JONKMAN. Mr. Chairman, on yesterday the gentleman from Virginia [Mr. WOODRUM] made the following statement:

Now I want to talk about this appropriation bill. At the outset I desire to pay a very sincere and a very earnest tribute to the minority members of the subcommittee. They have worked diligently, splendidly, with great interest, in assisting and expediting the consideration of this bill; and particularly do I want to pay my respects to the able and distinguished gentleman from New York, JOHN TABER. [Applause.] Many times in the committee room, or around the committee table, and even on the floor of this House, I find myself in rather sharp disagreement with my distinguished and able friend, but I say today that he realizes, as most of us do, that the time for partisan debate is gone, the time for discussing and speaking about questions of policy has passed, and that America has made a great decision, and that it re-

mains now for the people of America to breathe strength into that arm it has avowed it will uphold. So the great gentleman from New York, diligent, earnest, sincere Member of the minority that he is, today is an American first, and is here supporting the committee, as he has supported us from the beginning, in bringing this appropriation here for your consideration. [Applause.]

Mr. Chairman, I have the highest regard and respect for the gentleman from Virginia. I admire his ability, his intelligence, and his industry, and I have implicit faith in his sincerity and integrity. I know that he did not say it and did not mean to say it, but the innuendo and the implication is here for those who read the statement that until the gentleman from New York [Mr. TABER] rose to the height of supporting this committee he had been bound by narrow partisanship, and that not until today had he risen above that to Americanism.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. I think the gentleman is laboring a great deal to try to read something into my remarks. I do not believe any other Member of the House would think I had the slightest idea of it. [Applause.]

Mr. JONKMAN. I have already exonerated the gentleman from that idea and my objective is to prevent such a construction by those who read it. As a yearling Congressman, I am not here to defend the gentleman from New York. He can do that himself much better than I could do it. But I have not yet risen to the occasion that I am going to do everything the committee says, that the majority says, or that the administration says must be done. I believe it is about time we put something into this bill that will spell America first, and that is my amendment. [Applause.]

You can read this bill as you like, but there is nothing in the bill which sounds like America first. We have heard it said time and time again on the floor of the House that if this is our war we should be in it, and if it is not our war we should be circumspect about what we do about getting into it. I have so far failed to hear anyone say it is our war. If it is not our war and if we are going to give away \$7,000,000,000 of the taxpayers' money without security we at least should make sure that the jobs go to Americans. I am partisan to America first. For that reason, I propose this amendment. I propose it with greater freedom because it has been freely said on this floor that the intention is to spend the entire amount of this \$7,000,000,000 in America. If that is the intention, there is no reason why it should not be in the bill, and then we would at least begin to have something in the bill that spells America first.

I repeat, if this is not our war, then this bill is anything but America first, when we are taking \$7,000,000,000 of the taxpayers' money and throwing it into what we know is a hole from whence we will never get it back. We have found

repeatedly in the measures that have been before this House that instead of looking after the interests of America first we are looking after the interests of somebody or anybody else except America. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in one-half minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. JONKMAN) there were—ayes 88, noes 122.

Mr. JONKMAN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. JONKMAN and Mr. O'NEAL.

The Committee again divided; and the tellers reported that there were—ayes 103, noes 145.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. If any defense article procured from an appropriation made before March 11, 1941, is disposed of, under such act of March 11, 1941, by any department or agency to the government of any country whose defense the President deemed vital to the defense of the United States, the President may transfer, from the appropriations made by this act to the appropriate appropriation of such department or agency, an amount equivalent to the value (as computed for the purposes of the \$1,300,000,000 limitation contained in section 3 (a) (2) of such act of March 11, 1941) of the defense article so disposed of, but not to exceed in the aggregate \$1,300,000,000.

Mr. JONES. Mr. Chairman I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: On page 4, line 2, strike out "may" and insert in lieu thereof "shall."

Mr. JONES. Mr. Chairman, this is the effect of my amendment. Heretofore we have appropriated for the Army and the Navy. In the lease-lend bill we provided that \$1,300,000,000 worth of the equipment of the Army and Navy for whose acquisition we appropriated may be transferred by the President to Great Britain. This new bill provides \$7,000,000,000. Adding the amount that was provided for in the lease-lend bill to the \$7,000,000,000 in this appropriation makes a total aid to Britain of \$8,300,000,000. If the President decides that he will not in accordance with section 2 reimburse the Army and the Navy for the \$1,300,000,000 worth of equipment which he can give to Great Britain, it means that a vote for this bill will possibly be a vote for the expenditure of \$8,300,000,000. If my amendment is adopted, the President will be required

out of the \$7,000,000,000 to reimburse the Army and the Navy for the \$1,300,000,000 of material they furnish to Great Britain.

I cannot understand why the committee or this House would disapprove of this amendment, which confines the amount of aid to Britain to the amount that has been publicized throughout the length and breadth of the land, \$7,000,000,000. I sincerely hope the Members of the House, regardless of the fact that I am on the wrong side of the aisle today to offer amendments, will accept this amendment in fairness to the American people, and will not by defeating it give Britain \$1,300,000,000 more than she asked for at this time. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, under Public Law 11 the President was given the right to dispose of material to the value of \$1,300,000,000 procured out of funds heretofore appropriated for our Army and Navy. The language, as the committee has put it in this bill, gives the President the right to reimburse the Navy Department or the War Department for any matériel he takes from those Departments and uses under the authority given him under the \$1,300,000,000. If you put the word "shall" in here instead of "may," it would have the effect of reducing the total amount of aid we could give under this bill to \$5,700,000,000. Leaving the language as the committee has drawn it, the President is given discretion to reimburse, but he is not required to reimburse. He should not be required to do so. For instance, if we transfer to Great Britain or any other nation matériel which the American Army and Navy are not using and would not need, there is no point in reimbursing.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Ohio.

Mr. JONES. The effect of this amendment is to confine the total amount to \$7,000,000,000, which the American people think the total amount of the bill will be.

Mr. WOODRUM of Virginia. The effect of it is to reduce the amount of aid which we can give by \$1,300,000,000. That is the practical effect of it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Jones].

The question was taken; and on a division (demanded by Mr. Jones) there were—ayes 75, noes 136.

So the amendment was rejected.

The Clerk read as follows:

SEC. 3. Any defense article procured from an appropriation made by this act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

Mr. VORYS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS of Ohio: On page 4, between lines 15 and 16, insert a new section, as follows:

"Sec. 4. In order to protect the economic and financial interests of the United States, every foreign government receiving defense articles procured from funds appropriated herein shall reimburse the United States for the cost of such defense articles, or guarantee such reimbursement by transferring, or causing to be transferred, to the United States property deemed by the President to be satisfactory collateral security for such reimbursement, insofar as the President shall find that such government has property available for such purpose."

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order against the amendment that it is legislation on an appropriation bill in that it changes the lease-lend act.

The CHAIRMAN. Does the gentleman from Ohio care to be heard on the point of order?

Mr. VORYS of Ohio. No; I have another amendment, Mr. Chairman.

The CHAIRMAN. In the opinion of the Chair the amendment is clearly legislation on an appropriation bill and the Chair therefore sustains the point of order.

Mr. VORYS of Ohio. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS of Ohio: On page 4, between lines 15 and 16, insert a new section, as follows:

"Sec. 4. No part of any appropriation made by this act shall be used to procure defense articles for any foreign government which has not made arrangements, prior to receiving such articles, in order to protect the economic and financial interests of the United States, to reimburse the United States for the cost of such defense articles, or to guarantee such reimbursement by transferring, or causing to be transferred, to the United States property deemed by the President to be satisfactory collateral security for such reimbursement, insofar as the President shall find that such government has property available for such purpose."

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order against the amendment that it is not a limitation. It is phrased, generally speaking, as a limitation, but on careful analysis the Chair will see it is not a limitation in that it is not a complete negative, and to be a limitation it must be a complete negative.

The CHAIRMAN. Does the gentleman from Ohio care to be heard on the point of order?

Mr. VORYS of Ohio. Mr. Chairman, this is in precisely the same form as the following section, just as the other amendment which I offered was in the form of the two sections which had preceded it. This is clearly a limitation on an appropriation and it cannot be stated any more definitely than to read the language of the amendment itself which says "no part of any appropriation made by this act shall be used to procure defense" articles except under certain conditions. This is exactly the same language as section 4 in this bill, which starts out exactly the same way, that "no part of any ap-

propriation contained in this act shall be used" under certain conditions. It seems to me the amendment is clearly a limitation upon an appropriation bill; in fact, it is hard to conceive of how you can state a limitation upon an appropriation bill in any other words.

The CHAIRMAN. The gentleman from Ohio has offered an amendment as a new section to the bill. The amendment is in the form of a limitation, but in the opinion of the Chair, in essence, it clearly is legislative in its character. It is not sufficient for an amendment to be in the form of a limitation. In view of the fact that the amendment as offered by the gentleman from Ohio very clearly imposes an additional duty on the President of the United States, the Chair is of the opinion that the amendment is a limitation only in form and that it is legislation upon an appropriation bill and therefore sustains the point of order.

Mr. SAUTHOFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAUTHOFF: Page 4, after line 15, and before line 16, insert a new paragraph, as follows:

"Sec. 4. No defense article procured from an appropriation made by this act shall be convoyed out of the waters of the Western Hemisphere by any vessel of the Navy of the United States, except possessions of the United States and the Philippine Islands."

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order that it is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. SAUTHOFF. Mr. Chairman, I am glad to have an opportunity to be heard upon the amendment. I have offered the amendment for the very specific reasons that the successive steps—

Mr. WOODRUM of Virginia. Mr. Chairman, I think we should first dispose of the point of order.

The CHAIRMAN. The Chair will be glad to hear the gentleman on the point of order rather than on the merits of the amendment. The point of order has been made and not reserved.

Mr. SAUTHOFF. Mr. Chairman, I am making the introduction, laying the ground work for the argument on the point of order.

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Surely.

Miss SUMNER of Illinois. Perhaps the gentleman will reserve the point of order.

Mr. WOODRUM of Virginia. No; I have not reserved the point of order.

Mr. SAUTHOFF. I do not want to take up much time, because I know this is a futile procedure.

Mr. WOODRUM of Virginia. Mr. Chairman, to accommodate my friend, I shall reserve the point of order for a few minutes.

Mr. SAUTHOFF. I want to make the record. We tried to make a record back in the Seventy-fourth Congress to keep this country out of war by passing the Neutrality Act. We have seen that repealed. We passed the Johnson Act to

keep us out of war, and we have seen that repealed; and the next step is going to be the conveying of supplies and matériels to any place in the world under the Lease-Lend Act in order to aid the democracies. Of course, as soon as we do that every one of us knows that the shooting begins. May I repeat here, as I have done on former occasions, that it takes neither physical nor moral courage to vote for a war that somebody else will have to fight, and I want to add to that that those who have been in favor of repealing the Neutrality Act and the Johnson Act, and who are in favor of conveying supplies, should have the courage to come out squarely in the open and bring in a declaration of war, and let us go on record in regard to it. This effort that we endure is merely a piecemeal effort to take us into war, which no one has the courage to come out openly and declare in a resolution, so that we may vote for, or against it. The people are being led into it with the specious argument for peace.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. BENDER. Is not that in keeping with the way this administration has done everything?

Mr. SAUTHOFF. I do not want to say that, because I have supported the administration in three different elections, but I do appreciate the fact that the next step is going to be the conveying of supplies and I want to make a record now that I am against it, just as I was against the lease-lend bill which to my mind is simply an undeclared declaration of war, because no one had the courage to bring in a simple declaration of war. This will make \$39,000,000,000 we have authorized or appropriated for 1941 and 1942 for aiding outsiders without even asking for security for our money. Our own people cannot get similar treatment. The other day we had the agricultural appropriation bill up for consideration. An amendment was offered to give our farmers parity but it was voted down. We have been trying to get a hearing on the old-age pension bills now lying in committee. So far nothing has come of our efforts in that respect although we have promises. Billions for foreigners but not a dime for our aged people. Why this all-out aid for foreigners and nothing for the folks at home? I will tell you what I think. It is because in 60 or 90 days we will be in war. Everything points that way; even our battleships are being painted to resemble Britain's. Why? Is it to hasten the day when the Axis Powers will sink one of our ships so that there will be a real excuse to get into the fray?

In the meantime Japan gets ready to strike. I have felt for some years that our gravest danger is on the Pacific and not on the Atlantic. Hitler is slipping. He now has a war on his hands on two fronts and he cannot win. Of course he will try and no doubt inflict great damage, but he cannot conquer Britain. I am convinced. Therefore I feel that the blow which we should guard against is on the Pacific and not on the Atlantic. It is to our interest to strengthen our own defenses and not deprive ourselves of essen-

tial materials which are going to be sorely needed. For that reason, Mr. Chairman, I trust the point of order will not prevail.

The CHAIRMAN. Does the gentleman from Virginia insist upon the point of order?

Mr. WOODRUM of Virginia. I do.

The CHAIRMAN. In the opinion of the Chair the amendment is clearly legislation upon an appropriation bill, and the Chair sustains the point of order.

Mr. VORYS of Ohio. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. VORYS of Ohio: On page 4, after line 15, strike out the period and insert a comma and the following: "and, in order to protect the economic and financial interests of the United States, every foreign government receiving defense articles procured from funds appropriated herein shall reimburse the United States for the cost of such defense articles, or guarantee such reimbursement by transferring, or causing to be transferred, to the United States property deemed by the President to be satisfactory collateral security for such reimbursement, insofar as the President shall find that such government has property available for such purpose."

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order that this is legislation on an appropriation bill, and further that it is not germane to the paragraph to which it is offered.

The CHAIRMAN. Does the gentleman from Ohio wish to be heard upon the point of order?

Mr. VORYS of Ohio. Mr. Chairman, I wish to be heard upon the question of germaneness. It is no more legislation than the rest of the paragraph. On the question of germaneness section 3 provides limitations, adds additional duties, and gives additional powers to the President in dealing with those articles, to wit, that articles that are prepared for disposal under the lend-lease bill may be retained or transferred to and for the use of various governments whenever in the judgment of the President the defense of the United States will be best served thereby. Under my amendment whenever, in the judgment of the President of the United States, articles are transferred, security is required. It certainly is germane to the paragraph. The very purpose of the paragraph is telling what shall be done with articles after we have them; telling what the President can do with them. The subject of my amendment is to tell what the President can do with defense articles. So it is certainly germane. It is not legislation any more than the rest of this paragraph.

The CHAIRMAN (Mr. LANHAM). The Chair is ready to rule. The Chair would not contend that the amendment is not germane to the paragraph to which it is offered; but in the opinion of the Chair it clearly adds legislation to a paragraph of an appropriation bill. It therefore would not be in order.

The Chair, therefore, sustains the point of order.

Mr. BENNETT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the lease-lend bill having become law, my first reaction was

that nothing should be spared to give that law full effect. On yesterday I stated that if certain amendments were adopted I would support this bill. At this hour it is very evident that the backers of this bill will permit no amendments. That is the request of the majority leader. We who would defend the American taxpayer find ourselves in the path of a juggernaut. For one, I do not propose to countenance such tactics. An effort has been made to prevent full debate. "Free and fair discussion is ever the firmest friend of truth." Neither this bill nor the arguments in its favor are in keeping with promises made at the time the lease-lend bill was passed. At that time it was intimated that \$1,300,000,000 would meet requirements of the lease-lend bill. The administration now refuses an amendment to this bill providing \$5,000,000,000. It is admitted that even this is only a beginning. I am stopping here. I shall not support passage of this bill.

Mr. Chairman, \$7,000,000,000 would build 1,000,000 fine homes at an average cost of \$7,000 each.

Seven billion dollars would put 7,000,000 men to work for 1 year at an average annual wage of \$1,000 each. And that, by the way, is more than the national average income from wages.

Seven billion dollars, Mr. Chairman, is more than the cash income of all the farms of the Nation for 1940. Seven billion dollars spent for the benefit of agriculture would lift every farm mortgage held by the Government, and leave a handsome balance to invest in the future betterment of rural society.

Seven billion dollars would build 1,000,000 miles of highway at a cost of \$7,000 per mile.

Seven billion dollars spent for the benefit of America would represent a gain for everyone. But, sir, \$7,000,000,000 spent by us for the benefit of the British Empire represents a loss for us and a betrayal of the sacred heritage handed down from the days of the founding fathers.

I have voted for every appropriation bill for our own defense. I am prepared to vote additional billions for the same purpose. But, Mr. Chairman, my conscience will not allow me to betray my countrymen. I cannot vote for this bill. It is not a bill for defense of America. It is a bill putting both hands of John Bull in the pockets of the poor American taxpayer. Let John Bull first search deeper his own pockets. [Applause.]

[Here the gavel fell.]

Mr. BROWN of Ohio. Mr. Chairman, I move to strike out the last two words.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BROWN of Ohio. Mr. Chairman, there has been some question in our minds as to whether this is a peace bill or a war bill. We have been told by the majority that this measure is to promote peace. Some of us wonder whether we

are at war and have been at war ever since the adoption of the lease-lend bill and ever since the speech of the President on last Saturday night.

I would like to read to you for the information of the House a few words from the declaration of war against Germany in 1917—

is hereby authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial German Government; and to bring the conflict to a successful termination all of the resources of the country are hereby pledged by the Congress of the United States.

On Saturday night the President said:

There is no longer the slightest question or doubt that the American people recognize the extreme seriousness of the present situation. That is why they have demanded, and got, a policy of unqualified, immediate, all-out aid for Britain, Greece, China, and for all the governments in exile whose homelands are temporarily occupied by the aggressors.

From now on that aid will be increased—and yet again increased—until total victory has been won.

[Applause.]

Mr. Chairman, there is a deadly parallel between these two statements that I believe all of us here can grasp—a parallel that I hope will not end in war. Do the words of the President mean that today we are in war? Do they sound as if we are to remain at peace? The full responsibility as to whether the future shall bring peace or war to our country now rests with the President of these United States.

Mr. VORYS of Ohio. Mr. Chairman, I move to strike out the last two words.

I simply want to explain to the committee what the proposed amendment was which was stricken out three times on points of order made by the distinguished white-haired chairman of the subcommittee.

This amendment simply would have written into law the assurances that the President gave indirectly to the gentleman from Virginia [Mr. WOODRUM] and to the gentleman from New York [Mr. TABER] that insofar as available, collateral would be required to secure our advances. The amendment was permissive only, and gave large discretion. It would have written in the exact words used on this floor yesterday by the gentleman from Virginia [Mr. WOODRUM] in describing what the President said he was going to do; also the exact words Mr. TABER used in stating what the President was going to do, and would have made a declaration by this Congress that as we start to be the arsenal of the democracies, we are going to require security for reimbursing us for our advances, if that security is available; that we furnish arms, not at cost plus, but at cost to us, to those who have assets to pay for them.

Now, you may wonder why, after legislation has been written in this bill by the committee—and this bill is full of legislation—after many amendments of a legislative character have come in without objection, that these points of order are raised on such an amendment and rulings are made which, I consider, strain the rules beyond their bounds—why that was done. I think I can tell you why;

because this well-disciplined army on my right was in danger of remembering those sweet words about freedom quoted yesterday by the white-haired chairman of the subcommittee:

O Freedom, thou art not, as poets dream,
A fair young girl, with light and delicate limbs—

And so on. Some of the Members on my right were reading those words about freedom and were going to shake off the partisan yoke that has been clamped on them, forcing them to vote blindly against every amendment. They would have voted to protect America to make sure that we did not get stuck in this war as we did last time; to make sure that some of the seven billions that Britain has in this hemisphere should be put up as collateral. The white-haired chairman was afraid to permit those men their freedom even for a moment, and therefore invoked this technicality.

I am going to vote for this bill, reluctantly, with a heavy heart, but feeling it is the only thing to do. We are in the war now. I opposed every step down the road to war, but now we are in it. The day the lease-lend bill was introduced I called it a modern, streamlined declaration of war. The President's war speech last Saturday, the repainting of our battleships, the coming of the German submarines—all confirm my estimate of the result of passage of the lease-lend bill. The protestations of the majority that this is a peace bill bring hollow comfort to me, for they have either failed to foresee or refused to foretell the next step all the way.

I opposed this policy, but it has been adopted by the processes of representative government; and if it is to be the policy of my country, I want it to succeed. I cannot take the responsibility of withholding the means to carry out this policy merely because I disagreed with its adoption. This is such a perilous course that I do not want it to fail in order to prove I was right.

If we can get out of the war again, before we are forced to fight, I want to try to do it. If Britain conquers Hitler without the aid of our manpower, as we have been promised today, I shall be as delighted as I am surprised. If Britain falls before this aid reaches her—and none of the arms produced by this bill will be ready soon—then we may need these arms for a struggle we have brought on ourselves. I hope we succeed in war.

I still hold to another hope, although that hope is faint. I hope that before all the men and treasure of Europe and America are destroyed, the world powers can get together at the place where they will surely meet after the destruction has taken place—around the peace table. Remember that whether we do this now or in the distant future, we will be rebuilding a new kind of world out of the remnants of a system that has gone forever; and remember that peace is inevitable, for after every war peace has come.

Mr. MAAS. Mr. Chairman, I was one of those who voted against the lease-lend bill. But this is a democracy. We had

our full day in court, the case was submitted in the democratic way, and in the democratic way a decision was made. I would personally rather lose a fight under democracy than win that same fight under any other form of government. This Nation has, by the choice and will of the people, been launched upon a policy which, it seems to me, we must implement if we are to remain a democracy. Having once determined upon our course, we can do no less as Americans than to pursue that course with the fullest vigor. We adopted the lease-lend bill, and we ought now to support it in any and every way which is necessary to carry it out. To do less than this would mean worse than mere failure for us—it would mean stark tragedy. Once on the road we must not falter or all is lost.

The sponsors of the lease-lend bill contend that it will give us the best chance of avoiding military participation for us in the war. If that is the case, then, for heaven's sake, let us give it every possible support so that it may be successful in that objective.

If, on the other hand, we are, as some say, already in the war, or if war cannot be avoided, then let us put forth such a mighty effort that we assure our winning that war.

In either case we must do what must be done.

We once held the balance of power in the world, in 1917 and 1918, and we voluntarily surrendered that through mistaken idealism. I do not mean that we should have gone into the League of Nations, but I think we never should have surrendered our power for good in the world, which we did when we surrendered the most powerful Navy in the world. I hope we may remain out of this war; but whether we go in or stay out, we are today again the balance of power in the world. We shall emerge from this war, whether we participate actively or not, as the balance of power in the world, as we did in 1918, and I hope we shall never again surrender that great force for good in the world which we can be, which we have been in the past, but only when we were strong.

If we are to get to that powerful position of world influence again, then there is only one thing for this Nation to do now, and that is, having embarked upon a course, to go unfalteringly and unwaveringly down the road of that course. And as far as the amounts involved in this bill are concerned, they have been determined by the military experts as being the amounts necessary to carry out the national policy adopted by this Congress. We, as laymen, are in no position to question or quibble over the amounts. Much more may be required in the future; but if we are going to maintain our integrity, having adopted a policy, let us as Americans before the world carry out that policy. [Applause.]

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 4. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government

of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Mr. MARCANTONIO. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. MARCANTONIO moves that the Committee do now rise and report the bill H. R. 4250 back to the House with the recommendation that the enacting clause be stricken from the bill.

Mr. MARCANTONIO. Mr. Chairman, I rise at this time because of the very, very significant remark made by the able gentleman from Texas [Mr. LUTHER A. JOHNSON] when he replied to the gentleman from Ohio [Mrs. BOLTON]. It was a very significant remark in that it carried the indication as to what the reasoning is going to be to justify the situation in which we shall soon find ourselves unless the American people prevent it, namely, a situation where American boys will actually be fighting in this imperialistic war, not for democracy but a war to establish world dominion and world empire for one axis, the Wall Street-Downing Street axis as against the Rome-Tokyo-Berlin Axis. That remark was that it does not rest with us as to whether or not we are in war or going to war, but that it rests with Mr. Hitler. If we were faced with a situation of attempted invasion, that remark would be entirely justified, but certainly not a person in this House honestly believes that today we are dealing with a situation involving invasion or attempted invasion. We are dealing with the carrying out of a policy which will mean our actual participation in this conflict, not only with matériel, cannon, airplanes, and munitions but with the blood of our people. So that when we reach that point, the people will be told, as revealed here today, the alibi and the excuse to justify the spending of the blood of Americans on foreign battlefields, namely, that our present policy, ourselves, and the President are not responsible, but that the responsibility rests with Hitler. Thus we begin to see the rationale of the rulers of the Nation which will be used to justify the spilling of American blood.

Do not blame us but blame Hitler for going into a war not of defense but into a war for imperialistic gains, profits, and world dominion. If we reach the stage of spending the blood of Americans, that responsibility cannot be placed on Hitler. Hitler, the rulers of France, Britain, Italy, and Wall Street are responsible for the present imperialist conflict. Hitler, however, is not making

the policies for the Government of the United States. Hitler is not making the policies for America today. Our being in this war—and we are in this war, as far as the President and Congress are concerned, from the standpoint of war economy and munitions—the responsibility rests with the President of the United States and with the majority of the Congress of the United States [applause], aided by some of the minority as well. [Applause.] That responsibility does not rest with Hitler; it does not rest with Churchill; it rests with us; it rests with the leaders of the Nation; it rests with the Representatives of the people assembled in Congress.

Certainly we are in war, but not with the consent of the people. The President, in his speech last Saturday, said, "We must win this war." Whose war did he mention it to be? Not the American people's war. England's war? He did not say that; he did not even misuse the word "democracy" in this connection as he did throughout his speech—he did not say it was a war for democracy that we must win; he said "this war." I agree with him that we are in this war by his actions and the actions of those who support this policy. We are not in this undeclared imperialist war either by consent of the people or by a declaration of war by the Congress of the United States.

It is a war of the rulers of this Nation, of the President, and of those in Congress who support this policy. The American people have never ratified this policy. Therefore the responsibility for war and the spilling of our Nation's blood rests on the President and those who support his pro-war program. Every war step that has been sold to the people of America has been dressed up in the dress of peace. They have been told it is a peace measure, and today in the cloakrooms and on the floor of the House Member after Member stands up and says, "We are in this war. It is the policy of the country, and therefore, even though we voted against the lease-lend bill, we must vote for this appropriation."

[Here the gavel fell.]

Mr. MARCANTONIO. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. MARCANTONIO]?

There was no objection.

Mr. MARCANTONIO. Mr. Chairman, we are told in one breath by some of the spokesmen here that this measure is a measure for peace, yet we are told to vote for it in another breath, because it is a measure sustaining a position. What position? A war position. Yes; we know that it is a war policy. However, we are not obliged to support it. It is a war program, a war never declared by Congress nor approved by the people. Therefore it is our duty to repudiate it and not support it; to get America out of war and not to go into it deeper.

In regard to the nature of these funds, may I quote the President of the United States himself as to what these appropriations are going to do to America, and I quote from his address made at Chau-

tauqua, N. Y., August 14, 1936, in which he said:

Industrial and agricultural production for a war market may give immense fortunes to a few men; for the Nation as a whole it produces disaster. It was the prospect of war profits that made our farmers in the West plow up prairie land that should never have been plowed but should have been left for grazing cattle. Today we are reaping the harvest of those war profits in the dust storms which have devastated those war-plowed areas.

It was the prospect of war profits that caused the extension of monopoly and unjustified expansion of industry and a price level so high that the normal relationship between debtor and creditor was destroyed.

Nevertheless, if war should break out again in another continent, let us not blink the fact that we would find in this country thousands of Americans who, seeking immediate riches—fool's gold—would attempt to break down or evade our neutrality.

They would tell you—and, unfortunately, their views would get wide publicity—that if they could produce and ship this and that and the other article to belligerent nations, the unemployed of America would all find work. They would tell you that if they could extend credit to warring nations, that credit would be used in the United States to build homes and factories and pay our debts. They would tell you that America once more would capture the trade of the world.

It would be hard to resist that clamor; it would be hard for many Americans, I fear, to look beyond, to realize the inevitable penalties, the inevitable day of reckoning that come from a false prosperity. To resist the clamor of that greed, if war should come, would require the unswerving support of all Americans who love peace.

If we face the choice of profits or peace, the Nation will answer—must answer—"We choose peace." It is the duty of all of us to encourage such a body of public opinion in this country that the answer will be clear and for all practical purposes unanimous.

The President was right then. I agreed with that speech then. I agree with it now. He has changed, not I. I have opposed his war program from the very beginning, because I knew that it was not in furtherance of the peace or defense of the United States. I knew that it was a policy to create in this country a military reservoir for one side as against the other. Now he and you call it an arsenal policy. I knew that such a policy meant an inexorable march into an imperialist war. Time and events have justified that position of mine, and today in this Congress we are very glibly told that we must do this to defeat Hitler. Yet you know that as a result of this policy you have pulled us into war without the consent of the people, not for democracy but for empire and profits. The only alternative you give us is to go to war with Hitler.

I say there is another alternative. Defeat the Hitler Rome-Tokyo-Berlin Axis, defeat the Wall Street-Downing Street axis, not by plunging America further into war but by getting America out of the war by keeping the peace of America, by extending democracy to more and more Americans, and by giving life to the liberties of Americans. Feed the 52,000,000 shrunken bellies, and no Hitler, no Mussolini, no Churchill, no Japan can ever touch these United States of America. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, I propose to vote for this bill simply because the responsibility is upon the President by the passage of the lend-lease bill, which I opposed at the time it was considered here and was sorry to see passed. The reason I take these few minutes is to reply to the gentleman who has just spoken and to refer to the remarks of my distinguished colleague from Ohio who stated that we are in the war now. If that is so, Mr. Chairman, we are the greatest cowards and cravens in the United States.

The sole responsibility for war, under the Constitution, rests squarely with the Congress of the United States. That is our prerogative, and not that of the President. Someone found fault with the speech made by the gentleman from Texas [Mr. LUTHER A. JOHNSON], although I did not hear it, in which he said the responsibility for war rests with Hitler. Of course, ever since we repealed the Neutrality Act and changed from a neutral power to a nonbelligerent power, Hitler, Mussolini, or any of the dictators could have found a reason to declare war on us at any time in a legal and proper way, and can do so more today after the passage of the lend-lease bill. Now there is no use hiding behind that. Everybody knows that Mussolini and Hitler are not going to look for trouble with the United States. They are not going to declare war on the United States unless the President of the United States assumes authority which is not given in the lend-lease bill to convoy our ships into belligerent zones. If he does that, then the President of the United States is taking us directly into the war. There is not a man in Congress, no matter to what party he belongs, who does not know that if we convoy our ships they will be sunk and we will be in the war within 30 days.

I have previously stated that I believe what the President has said. He has repeatedly said, "I hate war. I love peace. I am going to keep this country out of war." But if the President repudiates those words by convoying ships or by sending our ships or our troops to Singapore, it is the same thing as declaring war, and that means usurping the constitutional power to declare war of the Congress. In voting for this bill I do so believing the responsibility is now up to the President. If the President assumes the additional responsibility of taking us into war, then that responsibility must rest with the President. But let us, for heaven's sake, face facts and be realists and hush up this talk about being at war.

There is only one issue before the American people, and that issue is peace or war. Ninety percent of the American people still want peace. The responsibility will be on one man if we are taken into war; not upon Hitler or upon Mussolini, but upon the President of the United States if he abuses the power given him under the lend-lease bill by convoying ships or by sending our warships to Singapore.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion offered by the gentleman from New York [Mr. MARCANTONIO].

The motion was rejected.

Mr. VAN ZANDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VAN ZANDT: On page 4, at the end of line 17, insert the following: "whose post of duty is in the continental United States, unless such person is a citizen of the United States or a person who, being eligible for citizenship, had filed a declaration of intention to become a citizen before the date of approval of this act, or who owes allegiance to the United States, or of any person."

Mr. VAN ZANDT. Mr. Chairman, the amendment I offer at this time to section 4 is similar in many respects to amendments offered to the various appropriation bills in the Seventy-sixth and Seventy-seventh Congresses. These amendments referred to have been adopted and provide that no part of any appropriation may be expended to pay the salary or wages for any person other than American citizens or those who have filed a declaration of intention to become an American citizen, or those who owe allegiance to the United States of America.

This amendment is designed to limit the expenditure of funds under the lend-lease bill to American citizens whose position of duty is in the continental United States and to those persons who have filed a declaration of intention to become citizens before the date of approval of this act or who owe allegiance to the United States.

You will note that the present language in section 4 prohibits the payment of funds in the form of salary or wages to those persons, citizens, or aliens who advocate or as a member of an organization joins in advocating the overthrow of the Government of the United States by force or violence. This language utterly fails to provide proper safeguards in carrying out the intent of the lend-lease act. We are preparing to spend as the first step 7 billions of dollars in translating the lend-lease law into action.

As a result, we are told that should our country become involved in war, much of the equipment being manufactured for our friends across the sea, will immediately be placed at the disposal of our own Army, Navy, and Marine Corps.

Since section 4 is aimed at excluding those known to advocate the overthrow of this Government, my amendment will go the whole way in removing the alien from the pay roll of any manufacturer engaged in filling a Government contract under the lend-lease act.

Gentlemen, we must not forget that we have 4,741,971 registered aliens in this country according to figures released by the Department of Justice.

We are not condemning aliens—but gentlemen, as a Nation we are at the crossroads of our destiny. We cannot afford to take a chance on alien enemies being planted in the defense industries of our country for the purpose of sabotaging our efforts to build an adequate national defense.

This amendment is in line with the policy of industry, who has for months required that every employee either produce a birth certificate or evidence of his naturalization. Some of our industries may be lax or sympathetic in applying such a policy but the risk involved is too great to deal lightly with the question.

If this amendment is adopted industry will be called upon to conduct a thorough house cleaning and to scrutinize the background of every employee.

Gentlemen, in conclusion may I remind you that my amendment applies only to expenditures within the continental limits of the United States and has no bearing on any expenditures the President deems necessary to make abroad under the provisions of the lend-lease act.

Gentlemen, I ask your approval of this amendment as a guaranty against the possibility of destructive acts by alien influences. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I hope this amendment will not be agreed to. May I point out to the Committee that section 4, as the committee has inserted it in this bill, is the language we have put into a number of recent appropriation bills? It has for its purpose the reaching of subversive influences in our defense establishments.

The amendment the gentleman from Pennsylvania seeks to engraft on that language would have the effect of preventing any funds under this bill from being paid to any person who is not a citizen of the United States or who has not declared his intention of becoming a citizen. In many of our defense industries we have refugee experts from the democratic countries that have been overthrown. They have come to America and are occupying important posts in our defense industries. It is impossible to know how far reaching such an amendment would be. We have had no opportunity to see just how far it would reach out into our various industries, but we know that we have Canadians and we have citizens of Great Britain who have been brought here and are working in our industries and our plants. I do not want to see any amendment engrafted onto this bill that has not been considered and that may have for its ultimate effect the slowing up of the effort that is going to be made under this bill.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. The gentleman mentioned having refugee experts in the United States. Does the gentleman realize that we have experts in their own lines of endeavor on W. P. A. today? Let us take care of the American citizen.

Mr. WOODRUM of Virginia. No; I believe we do not. I believe you cannot find on the W. P. A. any men who are experts along the lines of these men who have been brought here. We have men who have been brought here from Great Britain who are in our defense establishment for the purpose of assisting in this program—assisting in the manufacture of the defense articles that are to go to Great Britain.

Mr. Chairman, I ask that the amendment be defeated. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. VAN ZANDT].

The amendment was rejected.

Mr. SMITH of Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: Page 5, line 9, strike out the period and insert a semicolon and the following: "And provided further, That no part of this appropriation shall be paid to any person, firm, or corporation that requires, as a condition of employment of any employee, that he either join or not join a labor union; except where prior to the effective date of this act, an employer is under a contract with his regular employees which contains such a condition."

Mr. SMITH of Virginia. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Chairman, the sole and simple purpose of this amendment is to put a stop now to the unconscionable practice that has aroused the righteous anger and indignation of the American people and which has tended to slow down and sabotage our defense industries. It is the practice, which prevails in every congressional district in the United States, of requiring American citizens to pay tribute to a labor union for the privilege of working for their country. That is the simple proposition which I now present to you.

When I offered this amendment some time ago to a bill, my distinguished colleague from Virginia spoke against the amendment and based his opposition on the proposition that there were many industries now working on defense which had existing closed-shop contracts with their employees. In order to meet that objection, I have changed the amendment so that it will not apply to any firm that now has an existing closed-shop contract, but the amendment will tend to stop these organization drives which are paying more attention to union dues than they are to the defense of our country.

I will give you two brief examples. You have today a strike, about which the gentleman from Texas [Mr. DIES] spoke this morning, in the Harvill plant, which is making vital parts for airplanes. This is an organizational strike, a strike for a closed shop. When that particular supply of parts for airplanes, already manufactured, has become exhausted, as the Committee on the Judiciary was told the day before yesterday by an official of the United States Government, airplane production will have to stop until production of those parts is resumed.

You all know about the Allis-Chalmers strike, which has been going on for nearly 2 months in Wisconsin. In that plant they are making vital parts for battle cruisers. Until those parts are made, the cruisers cannot come off the ways.

It is going to be said that this amendment should not be adopted for some psychological reason that I have never been able to understand in that we ought not to put any amendment on this bill. I want to say to you gentlemen that it is equally important that we get this work done as it is to commit the idle gesture of sitting here and appropriating \$7,000,000,000, because appropriating \$7,000,000,000 is not going to do a nickel's worth of good unless you get it into production.

I want to tell you in conclusion some of the things that are being done under this practice which I am seeking to prevent.

Competent men seeking employment even on direct Government work are required to pay unconscionable fees to union representatives under the guise of initiation fees. Instances of these fees in individual cases run from \$23 to \$1,500. I have evidence of many instances where inability to pay the required amount has foreclosed the worker from obtaining employment.

The payment of such fees, in many instances, does not admit the employee to membership in the union or to the rights and privileges of union members, but merely gives him a temporary license or permit to work on a single job.

In some instances, in lieu of the so-called initiation fee, he is charged a flat sum per day or per week for a permit to work, for which he likewise receives no union privileges or right of participation in union affairs.

In some instances of so-called jurisdictional controversies, one union, through arbitrary action, will prevent members of other equally legitimate unions from working on Government jobs.

Farm boys, from your district and mine, seeking temporary work as common laborers, are refused employment on Government projects in their own vicinities unless they pay the demanded tribute to a union representative.

Competent unemployed men, who are able to pay the required initiation fee, are refused work until all union men have first been employed.

Contractors, through voluntary agreements with unions, encourage these practices.

Closed-shop demands are at this moment preventing delivery to the Government of finished materials urgently needed, because labor unions have refused to permit the Government to enter and take them out of the factories.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes; I will yield to the gentleman.

Mr. COOLEY. I would like to ask the gentleman where the information comes regarding the fee of \$1,500.

Mr. SMITH of Virginia. It came, if I recall correctly, from Assistant Attorney General Thurman Arnold, in his testimony before the Judiciary Committee of

the House of Representatives pertaining to a glaziers union where the Government was seeking at that moment to put glass in the barracks during the month of February for the boys that you put into the Army at \$30 a month.

Mr. COOLEY. Is the gentleman saying that the labor union required all prospective workers to pay or arrange for the payment of \$1,500 in dues?

Mr. SMITH of Virginia. I am saying that was the testimony before the Judiciary Committee, and there are members of the committee here who can verify that.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman.

Mr. McKEOUGH. As I understand the gentleman's position, he is opposed to the philosophy of the closed shop in relation to union operations.

Mr. SMITH of Virginia. During this emergency. And what this amendment seeks to do is exactly what was done by President Wilson in the first war, to fix the status quo of labor unions during this emergency and not permit any organization, labor union, or anything else, to use this emergency in an effort to organize to make money. [Applause.]

Mr. COX. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to say to my brethren just one word in behalf of the pending amendment. My colleagues, this amendment presents not only a challenge to your courage, but a challenge to your patriotism. This racketeering must be stopped unless we are to be swept into a labor despotism. I am wondering just what the country thinks of us. Are we miserable, cowardly politicians whose first interest is our job, or are we simple, plain, patriotic Americans whose first interest is our country.

Mr. Chairman, this amendment presents an opportunity, an invitation, and an urge to every member of this Committee to uncover and show to the country just what he is, who he is, and where he stands. [Applause.]

Mr. HOFFMAN. Mr. Chairman, I rise in support of the amendment and ask unanimous consent to revise and extend my own remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SEVEN BILLION APPROPRIATED BUT A MONKEY WRENCH STOPS THE MACHINERY

Mr. HOFFMAN. Mr. Chairman, before the day is over Congress will have appropriated \$7,000,000,000 to aid Britain, but it lacks either the ability or the courage to prevent Communists and labor racketeers throwing monkey wrenches into the machinery, upon the efficient and continuous operation of which our own national defense depends.

The press tells us this morning that the Army is contemplating some move to end the strike at Wright Field, which has been delaying the War Department's operations for some 3 weeks.

An editorial in one of the Washington morning papers complains of the strike

at Allis-Chalmers, which is in its fifty-sixth day, and assigns as one reason for its complaint the fact that some officials of the company object to a closed shop. Does the writer of the Post editorial take the position that no American citizen is to work on the defense program until he has paid tribute to the C. I. O. union? That is the issue at the Chalmers plant.

Is it true that this Congress has arrived at the decision that no one shall be permitted to work for national defense until he meets the demands of a particular union, which assumes to have authority in a designated city, to determine who shall and who shall not work?

As has been pointed out time and again on the floor here, in one city one group of union men and nonunion men cannot work because of the demands of a rival union. In another city, the situation is reversed. Meanwhile, as a House committee was told and as we learn from the public press, in plants the operation of which is absolutely essential if we are to have the production of aircraft, strikes are tying up and delaying both the Army and the Navy.

And do not try to, because you cannot, ignore the fact that these strikes are not tying up the production of automobiles, of radios, of anything that is not essential to national defense. These strikes, you will note, are in strategic plants. They are called and carried on in plants supplying, it may be, but a very small portion of the parts necessary for the building of implements of war or for the operation of munitions plants, but they are called where their success is disastrous to the whole program.

Oh, the President talks loudly when he defies Hitler, but right here at home he lets union officials and Communists ride roughshod over our people. He may be a Samson when he talks and acts against the Axis Powers, but he is a shorn Samson after his union Delilah gets through with him; and, if he continues his present course, he will have the whole temple of disunion down about his ears.

Why defy Hitler, when we know, as we do know now, that right here at home fulfillment of the effort to send aid to Britain, of the effort to strengthen our own Nation, is being undermined by those who defy our own Government?

Appropriate \$7,000,000,000, send convoys, a fleet, and finally an army, to insure freedom and equality of opportunity to the people of the Old World, while here at home those who must pay the cost are denied freedom of action, the right to go to their jobs; denied equal opportunity to work in our factories.

Thirteen affiliates of the A. F. of L. have announced a policy of no strikes in defense industries, and my understanding is that that is the recommendation of the national organization.

As long as Sidney Hillman remains on the Defense Council as the representative of labor there is no prospect that strikes in key plants will be lessened.

He has persistently supported the policy of the closed shop, which denies to millions of patriotic Americans the right to work in defense of their homeland. He

is on the pay roll of a union which believes in the closed shop.

If he has not actually acted as the foreman of wrecking crews, he has advocated, fought for, the result which they seek to accomplish—the denial of work to other than members of their own organization. Neither the foreman of a wrecking crew nor one who believes in the policy of an organization which uses a wrecking crew can successfully function as chief of a construction gang.

Hillman has lost much of the influence he might have had with nonunion employees or with employees of rival unions. It has recently been demonstrated that he has lost influence with members of his own organization.

Appearing recently before the Judiciary Committee, he testified, in substance, that when he, as a member of the Defense Council, called upon the C. I. O. to end a strike, to go back to work, he would be obeyed.

Recently he called upon the strikers at the Vanadium Corporation at Bridgeville, Pa., to load two carloads of ferrovanadium and vanadium oxide. The strikers were members of a C. I. O. union. Hillman is vice president of the national organization. The strikers' answer was an emphatic no. Governor James was forced to, and did, send State motor police to protect the men who actually loaded the cars.

That material belonged to the United States Government. The request for the loading was a request from an official of the Government, who was also an official of the labor union to which the strikers owe allegiance. Nevertheless, Hillman, a Government official, vice president of the national C. I. O., was unable to obtain the delivery of that much-needed material, and it required the use of force by the State of Pennsylvania to secure delivery.

The passage by this Congress of either one of the two bills I have offered and the enforcement of the law would lessen, if it did not end, these acts which tend to destroy the effect of any appropriation which we may make.

If this House cannot act until it receives word from the Executive, and if he means what he said last Saturday night, let him, before he goes on his vacation, send word down to the House leadership to act without further delay.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RAMSPECK. Mr. Chairman, I move to strike out the last word. Having voted for the lease-lend bill, I, of course, expect to vote for this bill to implement the policy adopted in that act. I want to see our people make an all-out effort in this policy to defeat the Axis Powers. I do not want to see any monkey wrenches thrown into the machinery, and that is all that the gentleman from Virginia [Mr. SMITH] would accomplish if his amendment were adopted. The gentleman from Michigan [Mr. HOFFMAN] and the gentleman from Virginia [Mr. SMITH] both talk about strikes. I defy anybody to find anything in the

language of this amendment that in any way makes it unlawful to strike or that provides any machinery for preventing strikes. It is just not here. This amendment does only one thing. It undertakes to outlaw the labor unions in this country and to prevent them from collecting dues and initiation fees. I do not stand here for the purpose of defending any \$1,500 initiation fee. If any such fee has been charged, I would condemn it just as would the gentleman from Virginia. I am not here to defend charges regarding initiation fees collected on construction projects in our national-defense program where there has been abuse, and I think there has been abuse in some cases; but we have orderly processes by which we legislate here on fundamental questions, and the gentleman from Virginia has a bill now being heard before the Committee on the Judiciary of this House, and he ought to wait his opportunity there and not throw monkey wrenches into the machinery in this bill to implement the program our people have adopted.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. WOODRUM of Virginia. As the gentleman knows, many American citizens are disturbed and apprehensive about the greatly increasing number of strikes in defense industries; but, as I understand from the amendment offered by my colleague the gentleman from Virginia [Mr. SMITH], as just pointed out by the gentleman from Virginia, the amendment in no way whatever seeks to reach that situation.

Mr. RAMSPECK. It does not attempt to.

Mr. WOODRUM of Virginia. But merely deals with the situation where trade-unions have been charged with the practice of charging exorbitant fees and requiring people to join a union before they could work.

Mr. RAMSPECK. That is my interpretation.

Mr. HOFFMAN. Will the gentleman yield?

Mr. RAMSPECK. No; I cannot yield.

The amendment does not deal with the question of strikes. May I point out to the House that only today I was informed by a member of the press that the President of the United States has issued an Executive order setting up a mediation board to deal with the strike situation. Nobody deplores the strikes that have happened any more than I do. I go further than that, and say I think it is the worst kind of judgment in the world for any union to call a strike in a national-defense industry, and I condemn that action. But we should not throw monkey wrenches into this national-defense machinery by ill-considered amendments such as this, and I hope it will be voted down. [Applause.]

[Here the gavel fell.]

Mr. MCCORMACK. Mr. Chairman, the amendment offered by the gentleman from Virginia [Mr. SMITH] has been offered, I think, on three previous appropriation bills, substantially in the form that it is offered as an amendment to this bill. Each time the Committee of the Whole House has defeated the

amendment. As I recollect, the last time the amendment was offered it was defeated by a vote of 80 to 11 on a standing vote.

It is dangerous to incorporate an amendment of this kind in any appropriation bill on the floor. We all have respect for the legislative committees, the committees of which we are members. We know that the Committee on the Judiciary is now, and has been for some time, conducting hearings on this very question. We know that that committee is going into the matter very exhaustively. What the recommendations of the committee will be no one knows now, but the fact is that, in the regular way that Congress functions, in the normal and sound way, the Committee on the Judiciary is now giving consideration to the very questions in all of their aspects that the gentleman from Virginia [Mr. SMITH] tries to have decided on the floor of the House.

The gentleman from Virginia condemns—properly so—certain practices. So do I. But we do not want to indict all of organized labor for what a few have done. Let us get at the wrongdoers. Let us not overlook the fact that organized labor in England is patriotic. Organized labor in England has responded to the call and organized labor in the United States, looking at organized labor as a whole, is just as patriotic as any Member of this Congress. [Applause.]

We do not want to put ourselves in the position of indicting labor as a whole for some of the contemptible tactics of a few, and we do not want to put ourselves in the position of affronting all of labor when we know that labor, looking over the entire picture, are loyal, constant, and fine American citizens.

I challenge the position taken by my distinguished and learned friend the gentleman from Georgia [Mr. Cox] when he says that this is an issue as to whether or not we are cowards. Certainly the issue is not one of whether or not we are cowards on this question but one of common sense; whether we are to put an amendment of this kind into a bill on the floor, and whether we ought to do it at a time when one of the great committees of our House is giving profound consideration to the question. [Applause.] [Here the gavel fell.]

The CHAIRMAN. All time has expired.

Mr. PLOESER. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Is there objection? There was no objection.

The Clerk again reported the pending amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Virginia) there were ayes 70 and noes 125.

So the amendment was rejected.

Mr. SMITH of Virginia. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: Page 5, line 9, strike out the period, insert a semicolon, and the following: "And

provided further, That no part of this appropriation shall be used directly or indirectly to pay the salary or wages of any employee who shall, after the effective date of this act, engage or participate in any so-called jurisdictional strike or strike to protest against or prevent the employment of any person who belongs or does not belong to a labor union, provided that, for the purpose hereof, an affidavit shall be considered prima facie evidence that the person making the affidavit has not engaged or participated in such a strike."

Mr. SMITH of Virginia. Mr. Chairman, may I be recognized on the amendment?

The CHAIRMAN. The Chair will state that time was limited on the paragraph and all amendments thereto, and that time has expired.

The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4050) making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes, had directed him to report the same back to the House with the recommendation that the bill do pass.

Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. LAMBERTSON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. LAMBERTSON. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. LAMBERTSON moves to recommit the bill to the Committee on Appropriations with instructions to report the bill back to the House forthwith with the following amendments: At the end of section 1 add the following: "Provided, That no part of any appropriation contained in this act shall be used for the emplacement of facilities, the extension of plants, the acquisition of sites, the manufacture of defense articles, or compensation for the procurement or manufacture thereof outside the boundaries of the United States or the Canal Zone."

On page 4 between lines 15 and 16 insert a new section as follows:

"SEC. 4. *Provided*, That no part of the defense articles procured from funds appropriated herein shall be disposed of to any foreign government unless such government, or some other foreign government on its behalf, shall guarantee the reimbursement of the cost thereof by transferring to the United States, if available, property as collateral security."

Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. LAMBERTSON) there were—ayes 103, noes 182.

Mr. LAMBERTSON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 132, nays 258, not voting 39, as follows:

[Roll No. 28]

YEAS—132

Allen, Ill.	Gerlach	Paddock
Andersen,	Gilchrist	Pheffer,
H. Carl	Gillie	William T.
Anderson, Calif.	Graham	Ploeser
Andresen,	Grant, Ind.	Reece, Tenn.
August H.	Guyer, Kans.	Reed, N. Y.
Angell	Gwynne	Rees, Kans.
Arends	Halleck	Rich
Bates, Mass.	Harness	Rizley
Baumhart	Hartley	Robertson,
Bender	Hess	N. Dak.
Bennett	Hill, Colo.	Robson, Ky.
Bishop	Hinshaw	Rockefeller
Blackney	Hoffman	Rodgers, Pa.
Bolton	Hope	Rogers, Mass.
Bradley, Mich.	Howell	Rolph
Brown, Ohio	Hull	Rutherford
Burdick	Jarrett	Sauthoff
Carlson	Jenkins, Ohio	Scott
Carter	Jennings	Shafer, Mich.
Case, S. Dak.	Johns	Short
Chenoweth	Johnson, Calif.	Simpson
Chiperfield	Johnson, Ill.	Smith, Ohio
Clason	Johnson, Ind.	Springer
Clevenger	Jones	Stefan
Coffee, Nebr.	Jonkman	Stratton
Cole, N. Y.	Kean	Sumner, Ill.
Copeland	Kinzer	Sweeney
Crawford	Knutson	Taber
Crowther	Kunkel	Talle
Culkin	Lambertson	Tibbott
Cunningham	Landis	Tinkham
Day	LeCompte	Treadway
Dewey	McGregor	Van Zandt
Dirksen	Maas	Vorys, Ohio
Ditter	Martin, Iowa	Welch
Dondero	Martin, Mass.	Wheat
Dworshak	Mason	Wigglesworth
Elston	Michener	Wilson
Engel	Mott	Winter
Englebright	Mundt	Wolcott
Fellows	Murray	Wolfenden, Pa.
Fenton	O'Connor	Woodruff, Mich.
Gale	O'Hara	Youngdahl
Gearhart	Oliver	
Gehrmann	Osmers	

NAYS—258

Allen, La.	Casey, Mass.	Edelstein
Anderson,	Chapman	Edmiston
N. Mex.	Clark	Eliot, Mass.
Andrews	Claypool	Elliott, Calif.
Arnold	Cluett	Ellis
Baldwin	Cochran	Faddis
Barden	Coffee, Wash.	Fitzgerald
Earnes	Cole, Md.	Fitzpatrick
Barry	Colmer	Flaherty
Bates, Ky.	Connery	Flannagan
Beam	Coolcy	Flannery
Beckworth	Cooper	Fogarty
Beiter	Costello	Folger
Bell	Courtney	Forand
Bland	Cox	Ford, Leland M.
Boehne	Cravens	Ford, Miss.
Boggs	Crcal	Ford, Thomas F.
Boland	Crosser	Fulmer
Bonner	Cullen	Gamble
Boykin	D'Alesandro	Gathings
Brooks	Davis, Ohio	Gavagan
Brown, Ga.	Davis, Tenn.	Geyer, Calif.
Bryson	Dickstein	Gibson
Buckler, Minn.	Dies	Gore
Buckley, N. Y.	Dingell	Gossett
Bulwinkle	Dinsney	Granger
Burch	Doughton	Grant, Ala.
Burgin	Douglas	Gregory
Byrne	Downs	Haines
Camp	Doxey	Hall,
Canfield	Drewry	Edwin Arthur
Cannon, Fla.	Duncan	Hall,
Cannon, Mo.	Durham	Leonard W.
Capozzoli	Eaton	Hancock
Cartwright	Eberharter	Hare

Harrington	MacIora	Schuetz
Harris	Magnuson	Schulte
Harter	Mahon	Scrugham
Hébert	Mansfield	Shanley
Heffernan	Marcantonio	Sheppard
Hendricks	May	Sheridan
Hill, Wash.	McRitt	Sikes
Hobbs	Meyer, Md.	Smith, Conn.
Holbrook	Mills, Ark.	Smith, Maine
Holmes	Mitchell	Smith, Pa.
Hook	Monroney	Smith, Va.
Houston	Moser	Smith, Wash.
Hunter	Murdock	Smith, W. Va.
Imhoff	Myers, Pa.	Snyder
Izac	Nelson	Somers, N. Y.
Jackson	Nichols	South
Jarman	Norrell	Sparkman
Johnson	Norton	Spence
Luther A.	O'Brien, Mich.	Starnes, Ala.
Johnson	O'Brien, N. Y.	Steagall
Lyndon B.	O'Leary	Stearns, N. H.
Johnson, Okla.	O'Neal	Sullivan
Johnson, W. Va.	O'Toole	Summers, Tex.
Kee	Pace	Supthin
Kefauver	Patman	Tarver
Kelley, Pa.	Patrick	Tenerowicz
Kennedy	Patton	Terry
Martin J.	Pearson	Thom
Kennedy	Peterson, Fla.	Thomas, N. J.
Michael J.	Peterson, Ga.	Thomas, Tex.
Keogh	Pfeifer	Tolan
Kerr	Joseph L.	Traynor
Kilburn	Pierce	Vincent, Ky.
Kilday	Pittenger	Vinson, Ga.
Kirwan	Plumley	Voorhis, Calif.
Kleberg	Poage	Vreeland
Kocialkowski	Powers	Walter
Kopplemann	Priest	Ward
Kramer	Rabaut	Wasielewski
Lanham	Rainspeck	Weaver
Larrabee	Randolph	Weiss
Lea	Rankin, Miss.	Wene
Leavy	Richards	West
Lesinski	Robertson, Va.	Whelchel
Lynch	Robinson, Utah	White
McCormack	Rogers, Okla.	Whittington
McGehee	Romjue	Williams
McGranery	Russell	Wolverton, N. J.
McIntyre	Sabath	Woodrum, Va.
McKeough	Sacks	Worley
McLaughlin	Sanders	Wright
McLean	Sasser	Young
McMillan	Satterfield	Zimmerman
	Scanlon	

NOT VOTING—39

Bloom	Hart	Plauché
Bolles	Healey	Ramsay
Boren	Heidinger	Rankin, Mont.
Bradley, Pa.	Jacobsen	Reed, Ill.
Buck	Jenks, N. H.	Rivers
Celler	Jensen	Schaefer, Ill.
Collins	Keefe	Secrest
Curtis	Kelly, Ill.	Shannon
Delaney	Ludlow	Stevenson
Domengeaux	McArdle	Taylor
Fish	Maciejewski	Thill
Gifford	Mills, La.	Thomason
Green	O'Day	Wadsworth

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Thill for, with Mr. Healey against.
 Mr. Curtis for, with Mr. Celler against.
 Mr. Stevenson for, with Mr. Secrest against.
 Mr. Jensen for, with Mr. Ludlow against.
 Mr. Heidinger for, with Mr. Kelly of Illinois against.

Mr. Keefe for, with Mr. Hart against.

General pairs:

Mr. Bloom with Mr. Wadsworth.
 Mr. Green with Mr. Bolles.
 Mr. Boren with Mr. Gifford.
 Mr. Bradley of Pennsylvania with Mr. Reed of Illinois.
 Mr. Rivers with Mr. Jenks of New Hampshire.
 Mrs. O'Day with Mr. Plauché.
 Mr. Domengeaux with Miss Rankin of Montana.
 Mr. Buck with Mr. Jacobsen.
 Mr. Collins with Mr. Delaney.
 Mr. Mills of Louisiana with Mr. Fish.
 Mr. McArdle with Mr. Schaefer of Illinois.
 Mr. Taylor with Mr. Maciejewski.
 Mr. Ramsay with Mr. Shannon.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. WOODRUM of Virginia. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 336, nays 55, not voting 38, as follows:

[Roll No. 29]

YEAS—336

Allen, La.	Drewry	Kennedy
Anderson, Calif.	Duncan	Martin J.
Anderson	Durham	Kennedy
N. Mex.	Eaton	Michael J.
Andresen	Eberharter	Keogh
August H.	Edelstein	Kerr
Andrews	Edmiston	Kilburn
Angell	Elliott, Mass.	Kilday
Arends	Elliott, Calif.	Kinzer
Arnold	Ellis	Kirwan
Baldwin	Elston	Kleberg
Bardeen	Englebright	Kocialkowski
Barnes	Faddis	Kopplemann
Barry	Fellows	Kramer
Bates, Ky.	Fenton	Kunkel
Bates, Mass.	Fitzgerald	Lanham
Baumhart	Fitzpatrick	Larrabee
Beam	Flaherty	Lea
Beckworth	Flannagan	Leavy
Beiter	Flannery	LeCompte
Bell	Fogarty	Lesinski
Bender	Folger	Lewis
Blackney	Forand	Lynch
Bland	Ford, Leland M.	McCormack
Boehne	Ford, Miss.	McGehee
Boggs	Ford, Thomas F.	McGranery
Boland	Fulmer	McGregor
Bolton	Gamble	McIntyre
Bonner	Gathings	McKeough
Boykin	Gavagan	McLaughlin
Brooks	Gearhart	McLean
Brown, Ga.	Gerlach	McMillan
Brown, Ohio	Geyer, Calif.	Maas
Bryson	Gibson	Maciejewski
Buckler, Minn.	Gilchrist	MacIora
Buckley, N. Y.	Gore	Magnuson
Bulwinkle	Gossett	Mahon
Burch	Graham	Mansfield
Burdick	Granger	Martin, Iowa
Burgin	Grant, Ala.	Martin, Mass.
Byrne	Gregory	Mason
Camp	Guyer, Kans.	May
Canfield	Gwynne	McRitt
Cannon, Fla.	Haines	Meyer, Md.
Cannon, Mo.	Hall	Michener
Capozzoli	Edwin Arthur	Mills, Ark.
Carlson	Hall	Mitchell
Carter	Leonard W.	Monroney
Cartwright	Halleck	Moser
Case, S. Dak.	Hancock	Mott
Casey, Mass.	Hare	Mundt
Chapman	Harness	Murdock
Clark	Harris	Myers, Pa.
Clason	Harter	Nelson
Claypool	Harley	Nichols
Cluett	Hébert	Norrell
Cochran	Heffernan	Norton
Coffee, Wash.	Hendricks	O'Brien, Mich.
Cole, Md.	Hess	O'Brien, N. Y.
Cole, N. Y.	Hill Wash.	O'Leary
Colmer	Hinshaw	O'Neal
Connery	Hobbs	Osmer
Cooley	Holbrook	O'Toole
Cooper	Holmes	Pace
Costello	Hook	Paddock
Courtney	Hope	Patman
Cox	Houston	Patrick
Cravens	Howell	Patton
Creal	Hunter	Pearson
Crosser	Imhoff	Peterson, Fla.
Culkin	Izac	Peterson, Ga.
Cullen	Jackson	Pfeifer
Cunningham	Jarman	Joseph L.
D'Alesandro	Jarrett	Phelifer
Davis, Ohio	Jenkins, Ohio	William T.
Davis, Tenn.	Jennings	Pierce
Dewey	Johnson, Ind.	Pittenger
Dickstein	Johnson	Plumley
Dies	Luther A.	Poage
Dingell	Johnson	Powers
Dirksen	Lyndon B.	Priest
Disney	Johnson, Okla.	Rabaut
Ditter	Johnson, W. Va.	Rainspeck
Doughton	Kean	Randolph
Douglas	Kee	Rankin, Miss.
Downs	Kefauver	Reece, Tenn.
Doxey	Kelley, Pa.	Rees, Kans.

Richards	Smith, Maine	Van Zandt
Rizley	Smith, Pa.	Vincent, Ky.
Robertson	Smith, Va.	Vinson, Ga.
N. Dak.	Smith, Wash.	Voorhis, Calif.
Robertson, Va.	Smith, W. Va.	Vorys, Ohio
Robinson	Snyder	Vreeland
Rockefeller	Somers, N. Y.	Walter
Rodgers, Pa.	South	Ward
Rogers, Mass.	Sparkman	Wasielewski
Rogers, Okla.	Spence	Weaver
Rolph	Springer	Weiss
Romjue	Starnes, Ala.	Welch
Russell	Steagall	Wene
Rutherford	Stearns, N. H.	West
Sabath	Sullivan	Wheat
Sacks	Summers, Tex.	Whelchel
Sanders	Supthin	Whittington
Sasser	Taber	Wigglesworth
Satterfield	Talle	Williams
Scanlon	Tarver	Winter
Schultz	Tenerowicz	Wolenden, Pa.
Schulte	Terry	Wolverton, N. J.
Scott	Thom	Woodrum, Va.
Scrugham	Thomas, N. J.	Worley
Sheppard	Thomas, Tex.	Wright
Sheridan	Tibbott	Young
Sikes	Tolan	Youngdahl
Simpson	Traynor	Zimmerman
Smith, Conn.	Treadway	

NAYS—55

Allen, Ill.	Gillie	Ploeser
Andersen	Grant, Ind.	Reed, N. Y.
H. Carl	Harrington	Rich
Bennett	Hill, Colo.	Robison, Ky.
Bishop	Hoffman	Sauthoff
Bradley, Mich.	Hull	Shafer, Mich.
Chenoweth	Johns	Shanley
Chiperfield	Johnson, Calif.	Short
Clevenger	Johnson, Ill.	Smith, Ohio
Coffee, Nebr.	Jones	Stefan
Copeland	Jonkman	Stratton
Crawford	Knutson	Sumner, Ill.
Crowther	Lambertson	Sweeney
Day	Landis	Tinkham
Dondero	Marcantonio	White
Dworshak	Murray	Wilson
Engel	O'Connor	Wolcott
Gale	O'Hara	Woodruff, Mich.
Gehrmann	Oliver	

NOT VOTING—38

Bloom	Hart	Ramsay
Bolles	Healey	Rankin, Mont.
Boren	Heidinger	Reed, Ill.
Bradley, Pa.	Jacobsen	Rivers
Buck	Jenks, N. H.	Schaefer, Ill.
Celler	Jensen	Secrest
Collins	Keefe	Shannon
Curtis	Kelly, Ill.	Stevenson
Delaney	Ludlow	Taylor
Domengeaux	McArdle	Thill
Fish	Mills, La.	Thomason
Gifford	O'Day	Wadsworth
Green	Plauché	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Jensen for, with Mr. Thill against.
 Mr. Celler for, with Mr. Curtis against.
 Mr. Hart for, with Mr. Keefe against.
 Mr. Healey for, with Mr. Ludlow against.
 Mr. Secrest for, with Mr. Stevenson against.
 Mr. Kelly of Illinois for, with Mr. Heidinger against.

General pairs:

Mr. Bloom with Mr. Wadsworth.
 Mr. Boren with Mr. Gifford.
 Mr. Green with Mr. Reed of Illinois.
 Mr. Rivers with Mr. Bolles.
 Mr. Domengeaux with Mr. Jenks of New Hampshire.
 Mrs. O'Day with Mr. Fish.
 Mr. Bradley of Pennsylvania with Miss Rankin of Montana.
 Mr. Delaney with Mr. Plauché.
 Mr. Collins with Mr. McArdle.
 Mr. Buck with Mr. Jacobsen.
 Mr. Mills of Louisiana with Mr. Taylor.
 Mr. Schaefer of Illinois with Mr. Ramsay.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Nov. 20



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DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

ON

H. R. 4050

A BILL MAKING SUPPLEMENTAL APPROPRIATIONS FOR
THE NATIONAL DEFENSE TO PROVIDE AID TO THE
GOVERNMENT OF ANY COUNTRY WHOSE DE-
FENSE THE PRESIDENT DEEMS VITAL TO
THE DEFENSE OF THE UNITED STATES,
AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations



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DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

THURSDAY, MARCH 20, 1941

UNITED STATES SENATE, SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS, *Washington, D. C.*

The subcommittee met, pursuant to call, in the committee room, the Capitol, at 2:30 p. m., Hon. Alva B. Adams (chairman of the subcommittee) presiding.

Present: Senators Adams (chairman), Glass, McKellar, Hayden, Byrnes, Russell, Overton, Thomas, Nye, Lodge, Holman, and Brooks.

The committee thereupon proceeded to the consideration of H. R. 4050, a bill making supplemental appropriations for the national defense to provide aid to the Government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

Senator ADAMS. Gentlemen, we will proceed. Secretary Stimson, if agreeable to you, we will ask you to furnish us a little information first on this bill. I do not know whether you have a definite prepared statement that you would like to make first.

WAR DEPARTMENT

STATEMENT OF HON. HENRY L. STIMSON, SECRETARY OF WAR

Secretary STIMSON. I have some notes here that I would like to refer to.

Senator ADAMS. Well, proceed as you please.

Secretary STIMSON. Senator Adams, at the last hearing before the House I went entirely without notes, and the result was that I had to do so much transcribing and comparing afterward that I decided this time I would come with notes.

Senator ADAMS. You understand, Mr. Secretary, that, of course, while we have the House hearings—the printed transcript—there was much of the hearing which was off the record, so that our information is fragmentary, and probably the things that are of more acute interest are the very things which are not in the record. For that reason we will be glad to hear you fully.

Secretary STIMSON. You will have no objection to my making statements off the record?

Senator ADAMS. You may feel perfectly free to so indicate to the stenographer any time you would like to have your statement off the record.

Secretary STIMSON. There will be no transcript at all?

Senator ADAMS. No, sir.

INTERNATIONAL CONDITIONS WHICH DEMONSTRATE THE NEED OF THIS APPROPRIATION

Secretary STIMSON. Mr. Chairman, at the meeting before the House committee the Secretary of State was there, and he made a statement as to the international conditions which he considered demonstrated the need of the appropriation in the bill. Unfortunately, he is not here at this time, and I should like, in his absence, to call the attention of the committee particularly to a statement that appears in the documentary record of the hearing before that committee, and I would like to quote in my opening statement this summing up that he made, because it bears so directly on the form of this bill and the reasons for it. Secretary Hull said in summing up:

Our safety and the success of the course upon which we have set ourselves demands the courage and wisdom to go full out in furnishing adequate material aid to the nations whose defense is necessary to our defense. When we do this we, I think, take the most effective step possible under the circumstances to keep war away from our hemisphere, from our Nation. By doing this we act in the defense of our homes, our institutions, our liberties, our way of life. In this task, half measures will not suffice. There is much to be done and the task is urgent. We must strive with all our will, all our power and all our resources. To be content with less would be to invite disaster. No people in history have had such an opportunity to learn from the tragic example of others. We cannot stint and we must not falter.

I quote that because it so fully concurs with my own views as to the situation on which this bill rests, and upon the facts which I have acquired myself in the work of the War Department as to the outside world.

POINTS PRESENTED

But for my own statement I shall make very tersely, and as briefly as I can, three points.

(1) The methods by which the estimates of the War Department covered by this bill were arrived at.

(2) The reason why the amounts covered by this bill must necessarily be in general subdivisions rather than in minute detail.

(3) The reasons which make an appropriation in cash for the total amount desirable, rather than an appropriation partly in cash and partly in authorizations.

Now, as to the first one, the method under which these estimates were arrived at—

CONTRACT AUTHORIZATIONS

Senator ADAMS (interposing). Mr. Secretary, let me volunteer, just for myself, one statement about contract authorizations. I am one of those that feel that contract authorizations are almost always vicious; that is, that they are designed to conceal appropriations, and they have the same result on the Treasury as a direct appropriation. So personally, regardless of the amount, I dislike the contract-authorization method.

Secretary STIMSON. I am very glad to learn that, because I think that in this bill it would be not only unnecessary but harmful.

Senator HAYDEN. A second objection to contract authorizations, particularly in the field, is that the Army has to keep two sets of books,

one for the cash and one for what they are going to contract, and that again complicates matters when you are in a hurry.

Secretary STIMSON. There are other short reasons that I was going to summarize when I reach that third point, and I will reach it very quickly.

Senator ADAMS. I think I may add this, that the bill really is of such magnitude that whatever time it takes will be fully justified, and I for one do not want to hurry over it.

Secretary STIMSON. I have no desire to take a long time, Senator. I think that if you desire to hear any details that I do not cover, anybody in the War Department is at your service.

METHODS BY WHICH ESTIMATES OF THE WAR DEPARTMENT COVERED BY THE
BILL WERE ARRIVED AT

The first point I am going to make is that these methods by which the estimates have been finally arrived at were not at all haphazard or by chance. They were the result of deliberate and careful conference. They passed through the regular steps and followed the general course, the normal course of procedure on the part of the supply officers of the Department, which are usually followed in the course of our own domestic appropriations for the Army in normal times.

In substance these steps were that some weeks ago the British submitted to our Government a confidential list of their estimated requirements. That list was then placed in the hands of the supply officers of the Department, who held long conferences with the British over these requests. During those conferences the officers of the Department matched the unit costs of the British requests against the unit costs of our own appropriations, besides, of course, taking many other various ways of checking up and considering whether or not the costs were excessive. The War Department's supply officers then determined the amount which, according to their best judgment, it was advantageous to produce and finance at this time. In this task the various supply bureaus of the Department each worked over its respective portion of the British data, and their work was then coordinated through the office of the Under Secretary of War, who has charge of the matter of procurement particularly, as you know, and by the Chief of Staff of the Army, in the same way as is done regularly with our regular appropriations.

After these steps were completed inside the Department there came the customary review of the estimates of the Department by the Bureau of the Budget. All of those steps were followed through in regard to these requests which came from the outside, from the British.

In the course of this procedure, very substantial savings in the original estimates became possible and were effected. This was arrived at in various ways, important among which was the fact that large steps have been taken, not only during the course of those conferences but in the course of the preceding months during which we have been going over, in a less official way, the various applications that have been made by the British and other countries before the present bill, the lease-lend bill, was in effect. We had many conferences attempting to arrive at standardization of weapons and the different types. That resulted in one source of economy, because we

were quite successful in reaching quite an advanced stage of standardization.

Another source of economy in these original estimates was the use of the same facilities for both nations. It was found that in many cases that was possible. That tended to a reduction of types, and these and other ways caused a substantial decrease in those estimates.

This result was achieved in this process of standardization which I mentioned: 95 percent of the items which are intended to be covered by the appropriations under this bill are for weapons and munitions which could be used in our own Army and which would thus be vitally useful to this Nation in case we were ever left alone to defend the Western Hemisphere. Only 5 percent of those items which are sought to be purchased by this bill's appropriations are for purely British type of weapons, and even the facilities for the production of those weapons which are included in that 5 percent could be turned to the production of American weapons in a very short time, in case that ever became necessary.

I can give you an instance of that in the case of the .303 rifle and its ammunition. You probably know that the British use a rifle of different caliber from ours. Instead of being .30 it is .303. That is their standard rifle. I am informed that the plant facilities which are now in this country turning out under British contracts those .303 rifles could be transformed so as to produce our .30-caliber-sized rifles in about 3 months, and that that same thing is true of the ammunition.

Another fact to which I wish to call your attention is that in this work for the British there are a number of important improvements that we have derived from their inventions. Among those that have been made public, that we have obtained from the British and are now using in our planes and our tanks is a very important improvement in the form of a revolving turret. That invention and that plan came to us from Great Britain.

REASONS WHY THE AMOUNTS COVERED BY THE BILL MUST NECESSARILY BE IN GENERAL SUBDIVISIONS RATHER THAN IN MINUTE DETAIL

Now, I come to the second point in my three points, namely, the reasons why the appropriations for the War Department covered by this bill and by the estimates which we presented with the bill have been necessarily put in the form of some five general items instead of being broken down into the customary minute details which in ordinary times were used in our estimates: these reasons are very simple.

In the first place, in this matter we require extreme flexibility for the future. The expenditures which we shall have to make under the bill must necessarily be flexible for the following reasons: The munitions are intended for the use of several warring democratic nations. We do not know exactly how much will go to each or when and how it will go or on what terms it will be sent.

Changes may have to be made in those munitions. It all depends on the fortunes of war. These nations are at present carrying on a great war in many parts of the earth where the terrain and the character of the weapons used on the differing terrains are many and various. Therefore the demands for the amount and character of weapons to be employed are necessarily constantly changing. In

the past 8 or 9 months it has changed very much, and it is impossible to forecast with minute detail or any great detail those needs or with anything like the same particularity which we use in making up our own estimates in normal times for our Army.

In the second place, as you can very well see, secrecy is necessary. These democratic nations are fighting a very powerful enemy which has successfully maintained great secrecy about its own powers, its own weapons and preparations, and at the same time a nation that has been notably diligent and skillful in boring into the knowledge of the nations against whom it was opposed, through secret agents.

Senator ADAMS. Mr. Secretary, how successful are nations—take Germany and England—how successful have they been in concealing both what they have and that which they are in need of?

Secretary STIMSON. They have been very successful. I should like to have you ask the Chief of Staff for any details that you want to go into.

REASONS WHICH MAKE AN APPROPRIATION IN CASH FOR TOTAL AMOUNT
DESIRABLE RATHER THAN AN APPROPRIATION PARTLY IN CASH AND PARTLY
IN AUTHORIZATIONS

DESIRABILITY OF SPREADING WORK COVERED BY MUNITIONS CONTRACTS THROUGHOUT ALL
OF MANUFACTURERS IN THE COUNTRY

Now, I come to my third reason, the one that several of you gentlemen mentioned, the reason why an appropriation totally in cash and not partly in cash and partly in contract authorizations has been asked for by us. One of the reasons—well, I have five reasons enumerated here, which I will briefly describe, but one of the first ones, one of the most important, which may not have come to the attention of you gentlemen, is that it is vitally necessary, in our opinion, to spread the work to be covered by the contracts for munitions made under this bill throughout all of the manufacturers of our country, including both the large and small ones. We do not want to have this business of preparation limited to a few great concerns. It would not be at all effective if it was. We want to distribute it among those whose financial resources are great and those whose financial resources are small. In other words, it is very important to have the contracts given out, sublet, to get down to those little ones, because even with the biggest there are not enough of them or big enough to do it all.

In order to do this we have got to be prepared to make cash payments both at the time when we make the contract and perhaps afterward, almost certainly afterward at various times during the progress of the contract, and unless we are prepared to do that, we could not get the help of the small manufacturers of this country, because they have not got available, usually, the requisite cash or credit. This country has been in the munitions business now for nearly 2 years, and there have been immense munitions contracts given out during those years, and this has already tended to tie up the cash resources of a large percentage of the manufacturers of the country. So that from now on it will be more and more necessary to use and depend on advance payments of cash on the making of contracts, in order to finance the manufacture.

DESIRE NOT TO CENTER CONTRACTS IN A FEW CONCERNS

But it is not only for the utilitarian reason, but it is the reason of broad policy that conduces to the same end. We do not want to confine the beneficial effects of this stimulation of American industry to the large and strong units of the Nation, but rather to bring within the scope of this great national and patriotic effort all units, both large and small. That is one reason why we have to have cash.

INTENTION OF SPENDING MOST OF FUNDS PROVIDED IN BILL DURING FISCAL YEAR 1942

In the next place, inasmuch as we intend to spend most of these appropriations, if possible, during the fiscal year 1942—although, of course, a good deal will go beyond that to the next year—there would be very little gained to the Government by postponing cash appropriations in the bill.

EQUITABLE DISTRIBUTION OF NATIONAL DEFENSE INDUSTRIAL EFFORT
GEOGRAPHICALLY

Senator RUSSELL. Before you get away, Mr. Secretary, from the argument you have just been making, in which you said you did not want these contracts to be centered in a few concerns, I want to talk to you a bit about whether that same argument does not apply to the geographical areas of the country? I realize that there is a tendency to look down one's nose and yell "pork barrel" any time anyone representing a State that they think has been overlooked brings it to the attention of any of the authorities, but I have been very gravely concerned about the tendency to draw off from some sections of the country what little skilled labor they have for others where these plants have been centralized. I cannot refrain from expressing the hope, when you are referring to the units and size of the manufacturers, that that also contemplates a much more equitable distribution among several areas of the country than has been the case in the past.

Secretary STIMSON. I can only say that our effort will be, and has been, more than you perhaps realize—has been so in the past. There are certain limitations of cost which come in. There are the questions of the presence of labor, the presence of other raw materials, that come in to limit a perfectly equitable distribution from the standpoint of ratio of population, but the only limitation which has been made upon the distribution at all by the War Department of its own initiative has been a limitation which was in favor of the more sparsely populated States and localities, as against the densely populated ones, and that was the limit, the tendency of limit which was placed in the beginning, and for strategic reasons we tried to get as many of them away from the seacoast, which was the most heavily populated area, and into the center and western parts of the country, as was possible. Now, I am not going to go into, and I think it would not serve your purpose here if I should go into it at length or you should cross-examine me at length on that. I am just trying to tell you now, in answer to the Senator's statement that it has not been from any neglect of the equities which he presents at this time that any apparent injustice has arisen. Certainly I have not lacked reminders during the 8

months that I have been here, from Members of the House on that subject, and certainly not from the gentlemen who know me and who have had a more active part in the selection of these sites.

Senator McKELLAR. May I interrupt you right there, Mr. Secretary? I have urged a greater diversification, because it seemed to me a very great discrimination was made between my State of Tennessee and others, and I was met with such determined opposition that I left the matter, because it was apparent it was perfectly useless. I was just turned down and virtually booted out. That is something I do not like at all.

Secretary STIMSON. Well, Senator McKellar, it is impossible for me to believe that that disrespect was shown you.

Senator McKELLAR. Well, it was shown me in a much greater way than I have given it to you.

Secretary STIMSON. But I do say that it is impossible to follow the imperative requirements which come in the shape of distribution of labor and of raw materials—it is impossible to avoid following that to a certain extent, and the whole pressure that I know of that has been made at all has been made to avoid having that operate unjustly in proportion to the population.

Senator O'MAHONEY. Mr. Secretary, I want to call your attention to a statement that was made within the week by Mr. Chester Davis, who is, as you know, a member of the Federal Reserve Board and one of the Council of National Defense—Advisory Council. He said that contracts amounting to 7½ billion dollars have been let in the period from the 1st of June 1940, to the 1st of February 1941, and that from 40 to 45 percent of all of those contracts had been given to six groups and their affiliates, and that 80 percent of the entire amount had been awarded to 62 units or corporations and their affiliates. Now, if that is correct it is a striking illustration of concentration that cannot be in the public interest.

Secretary STIMSON. I do not think it is correct, sir. I would rather not put this on the record.

(A discussion followed off the record.)

AVOIDING CONCENTRATION OF DEFENSE INDUSTRIES ALONG THE SEABOARD

Senator OVERTON. Mr. Secretary, you stated that one of your purposes was to avoid concentration of defense industries along the seaboard where, of course, they would be subject to attack in case of war. Were you successful in that?

Secretary STIMSON. Not in getting them all away, of course, but we did get—we have gone out of our way to place a large number in the center of the country.

Senator OVERTON. The reason I asked you is because I have heard statements made that there has been more concentration along the seaboard; that is, the Atlantic and Pacific, not the Gulf, for there have been none there, than there has been in the interior. I do not know. I am just asking for information.

Secretary STIMSON. That is undoubtedly true, Senator, to this extent; there is such a concentration of population, such a concentration of facilities and of skilled labor in those seaboard States that it would be perfectly impossible to transfer the people and the skilled

labor and the building into the center of the country in proportion to the population. You cannot do it entirely. That would be impossible.

Senator OVERTON. But I had in mind new industries and expansion, not right around existing plants but expanding industries by locating them in the interior.

NAVAL CONSTRUCTION

Secretary KNOX. May I intervene there? I think that in this summary of total contracts. Senator, we ought to take the Navy appropriations out, because, necessarily, those large appropriations for construction of warships had to be on deep water, and in your distribution of industrial plants, the balance of these appropriations, you can get a very much fairer distribution if you leave the appropriations for naval construction out of the picture.

TOTAL AMOUNT OF CONTRACTS LET

Senator ADAMS. I have seen a statement—I think it was also in the House hearings—that contracts up to the amount of 12½ billion dollars have been let. Is that figure accurate, and does it include the naval contracts?

Secretary KNOX. My understanding is that it does, and I think it is fairly accurate.

GEOGRAPHICAL DISTRIBUTION OF NATIONAL DEFENSE INDUSTRIAL EFFORT

Senator RUSSELL. The figures that I obtained from the National Defense Commission did include all of the Navy contracts, and I have reviewed these figures in this committee on previous occasions. I do not want to pursue a subject that is likely to be irritating to anyone, but I do think that this is a matter that is going to be tremendously in the interest of the economy of the Nation in the time following this period. I do think that, in common justice, every section of the country should be considered in the location of these plants that are being financed wholly and completely by Federal funds. It is a very paradoxical thing, but the effect is that the part of the country that has supported this entire program most earnestly from its very inception, from the time of the repeal of the original arms embargo down through the universal service and to this good hour, has benefited least, has secured the smallest expenditures of any section of the country. That may be a pork-barrel view, but I realize that if this debt is ever paid, the people that live in that section, in addition to having favored the program, are going to have to pay their fair part of it, or as far as their means permit them to pay it. Whether Mr. Davis or anyone else is correct in their figures, I do know of my own knowledge in my own State what has been done there. I know that nothing has been done there, although we have some considerable amount of skilled labor in the various industries, and we have some fairly, I should say at least, mediocre business management in the State. We have no shipyards of any kind.

USE OF SUBCONTRACTORS

Secretary KNOX. I would like to add this fact to the picture, because it has a real bearing on the subject before us. When you are letting a contract for munitions of any kind you necessarily expect to get a responsible man to be responsible for the whole contract and then urge him—at least that is what we have been doing both in the Army and in the Navy—to get as many subcontractors as possible to contribute to the sum total.

Secretary STIMSON. Spread out.

Secretary KNOX. Spread those subcontractors out. Now, this statement of Mr. Davis is so general that it leaves only half of the truth told. For instance, the engine people have over 700 different people contributing to the manufacture of it. One of the contractors out in the Middle West—I have forgotten what the amount was—had 73 subcontractors scattered all over the Middle West. And that is true, you will discover, in many of these larger contracts. We find it better business practice to have one responsible concern responsible for the assembly of all of these various parts that are made by subcontractors, and responsible for the delivery of them on time. That is why it is possible to say that a large part of this sum has been allocated not only to a few firms but the truth is it has been allocated to a great many hundreds of firms through subcontracts.

Senator ADAMS. For instance, if you let a contract to some great manufacturer in New York, who in turn gave subcontracts in Ohio and Pennsylvania and New Jersey and Delaware, in these tabulations would that whole contract be charged to New York, and overlook the distribution?

Secretary KNOX. Under the summary to which allusion has been made here; yes. Exactly that thing has happened.

HEARINGS HELD BY NAVAL APPROPRIATIONS SUBCOMMITTEE RELATIVE TO
LOCATION OF INDUSTRIAL PLANTS

Senator BYRNES. May I say for the benefit of the members of the deficiency committee, of course, the matter has been considered by the deficiency committee, and it was my recollection that in the conference the chairman of the House conferees said that when the Navy bill was up he was going to look into the matter, and that he so advised the Senate conferees. When I saw in the hearings nothing about it, I took the matter up first with the Office of Production Management and then with the Under Secretary of the Navy, Mr. Forrestal. We went into the matter at some length in a way that I think would be quite helpful to the members of the committee. Mr. Forrestal, the Under Secretary, took the position that they were in hearty accord with the view that was expressed by the members of the deficiency committee, that they knew that heretofore they had not been able to do it, for some of the reasons that have been expressed by the Secretary of the Navy and the Secretary of War, but that a committee had been appointed by the Office of Production Management for the purpose of endeavoring to influence in every way possible the man who gets the contract, to decentralize.

The Under Secretary of the Navy asserted that they had made some arrangement, and set it forth, that the procedure would be quite helpful if the committee were going into consideration of that matter now, because they have at least stated to the Navy that they share the views that this committee had at the time we were considering the supplemental appropriation bill. Mr. Forrestal stated that while in Ordnance while the plant was under construction a board might be appointed from that Division, that with the ship-building program the officers might be different; that they would be glad to advise the members of the Senate and House at any time who constituted that board, and the Office of Production Management not only has appointed this committee of five, but one member of that committee is to sit in with the Naval Board or with the Army Board in the hearing of the entire matter, so that they will be able to pass upon the selection by the Army and Navy. I believe, from what I have stated, that if they carry that out it will be helpful.

Senator ADAMS. I think that is covered in your Navy Department hearings.

Secretary KNOX. Yes, sir.

Senator ADAMS. I notice on page 69 items in reference to the plant site committee.

Senator BYRNES. That is the statement. I intended to call it to the attention of the committee yesterday in presenting the bill.

Senator OVERTON. I think, Senator Byrnes, you might add the statement that was made, that at the outset it was unavoidable because time was such a vital factor, and they had to proceed to obtain these supplies at once, and they went into existing plants, existing organizations.

IMPORTANCE OF DECENTRALIZING INDUSTRIAL EFFORT

Senator BYRNES. Now a different condition existed they said, and they realized that it would be very important to decentralize, and that it would be their effort in what we call the "second phase" of this program to decentralize.

PROCEDURE NOW FOLLOWED IN LOCATING PLANTS

Senator O'MAHONEY. Who controls the decentralization? The contractor who picks the subcontractor, or the O. P. M.?

Senator BYRNES. According to the statement to us it was that the selection comes by the Board, which in the case of ordnance would be under the Ordnance Department, then to the Chief of that Bureau, then to Mr. Forrestal, the Under Secretary. When that decision is made, it must be submitted to the Office of Production Management, and their committee of five appointed 3 days ago will pass upon it. It has veto power. It does not originate the selection but if it does not think it is a wise selection, they give it back to the Navy, or there is an adjustment, or the Navy must select another site.

HAVING ONE RESPONSIBLE HEAD HANDLE A LARGE CONTRACT

Senator O'MAHONEY. As I understood Secretary Knox, the Navy Department feels that it is desirable in letting a large contract to have one responsible head handle that contract.

Secretary KNOX. Quite right.

Senator O'MAHONEY. Now, if the Navy Department undertakes to determine for that single contractor who his subcontractors may be, I can conceive that that might interfere with the efficient delivery of the contract, so my question was whether you would attempt to impose upon the single responsible head the selection of the subcontractor, or whether you left it to him.

Secretary KNOX. The subcontractor may be selected by the man having the major contract, but he has to have the approval of the Navy Department in the selection of his subcontractors; and, naturally, Senator, you recognize that in our business at least we have to use existing plants, and we have to have certain knowledge that the contractor can deliver the goods. That is the thing we are definitely interested in.

Senator O'MAHONEY. Of course, I am just seeking information. I recognize how tremendously important it is both to the Navy Department and to the War Department that you get production. That is the essential. That is the first thing. Other phases that are of tremendous importance are the social impact upon outlying States, the Southern States for which Senator Russell has been speaking, and some of our Western States from which, in many instances, population is being withdrawn because they are being taken to concentrated places where concentrated plants are being constructed. For example, I was given to understand by some of those who were affiliated with the Defense Council that aviation plants are being concentrated because those in charge desire to have management concentrated; they do not have the facilities or the personnel to distribute management personnel, but it would be socially a very desirable thing if that could be done. I also would imagine that from the point of view of eliminating the danger of attack, if there should be any, it is much better to have these plants distributed than to have them concentrated.

Senator McKELLAR. But as I understand the Secretary of War, he just stated that it was going to be his policy in his Department to decentralize as much as possible, and also decentralize in the geographical places in which these munitions are to be manufactured. Is that correct?

Secretary STIMSON. That is true.

Senator McKELLAR. I thought you stated that in answer to a question of mine.

REASONS WHICH MAKE AN APPROPRIATION IN CASH FOR TOTAL AMOUNT DESIRABLE RATHER THAN AN APPROPRIATION PARTLY IN CASH AND PARTLY IN AUTHORIZATIONS

Secretary STIMSON. That is true, Senator.

I have stated, I think, two reasons for this form of appropriation, namely, the lump sum, the sum that is all in cash, rather than an appropriation partly in cash and partly in contract authorizations.

CANCELATION CLAUSE IN CONTRACTS

The third reason is that our contracts made in the War Department normally carry a cancellation clause, so that in case any unexpected

need should arise which would make termination of the contract advisable, it could be done, and therefore to that extent serve the same purpose that would have been aimed at by an authorization.

CASH APPROPRIATION ENABLES GREATER EASE IN GOVERNMENT ACCOUNTING

Furthermore, as has already been pointed out by one of the Senators at the beginning of my statement, from a mechanical standpoint there is much greater ease in Government accounting if the appropriation is entirely in cash.

OTHER REASONS FOR ASKING FOR CASH APPROPRIATION IN LIEU OF PART CASH AND PART CONTRACT AUTHORIZATION

But certainly, and lastly, I think, and we think in the War Department, one of the most important reasons for putting this all in cash is to be as candid and as frank as possible with our countrymen and let them know just what the total expenses are that are contemplated, let them know what those are, and that can, of course, be more frankly done by a total cash appropriation than by one which is limited partly to appropriations and partly to authorizations. Furthermore, a tax plan can be more definitely based upon such an appropriation as is contemplated by this bill.

DISTRIBUTION OF LOCATION OF PLANTS

Now, in answer to the question that has been raised by the Senators about distributing the location of different plants, I will, if the Senator desires, have the people in my Department who have charge of those things make up a chart to show what we have done.

Senator ADAMS. Congress laid down in the lease-land bill a policy that is now the policy of the Government, and the issue which is before the Congress is how much money should we appropriate to carry out that declared policy? In other words, the primary burden of determining that amount rests upon the two Houses of Congress. In other words, as one member of the committee, my original views have been substituted by the declared policy of the Congress, and the thing that I am now interested in is to have, as clearly as possible, a statement and information as to what is the proper implementation by money of the accepted policy.

Secretary STIMSON. I have tried to give you that, sir, in what I have said.

Senator HOLMAN. Mr. Secretary, this appropriation bill, H. R. 4050, intends to make \$7,000,000,000 in cash available to implement the lease-land bill, H. R. 1776. Can you let us have an estimate or a statement as to the amount of defense and war materials which have been lent or leased to foreign governments?

Secretary STIMSON. Under the bill?

Senator HOLMAN. Yes.

Secretary STIMSON. Not yet. It is going into effect now.

Senator HOLMAN. Here is \$7,000,000,000 in cash. How is it to be lent or leased? We just passed the lease-land bill, and I want to know what is to be lent or leased.

Senator ADAMS. Senator Holman, I might volunteer that \$7,000,000,000 is the aggregate of the production which the United States will procure, as well as the things which are leased and loaned out of existing supplies. That is, there is an aggregate value of \$7,000,000,000, including the \$1,300,000,000, which is a limitation.

Senator HOLMAN. Well, I am just trying to get this name "lease-lend" tied into this proceeding. Here is a \$7,000,000,000 cash appropriation. I imagine it is to produce materials. Now, what is going to become of those materials? Are they going to be lent and leased?

ARTICLES NOT TO BE LOANED OR LEASED UNTIL FINISHED

Secretary STIMSON. Senator, this has to be understood as the key position of the bill: This bill does not propose to lend or lease any of the articles for which the money is to be spent in the construction thereof until those articles are finished. Not until then is the decision made as to where those articles will go, where they will be most useful to the defense of the United States, or how many or what, or the terms on which they will go. At that time the decision will be made, and that is a good many months off.

Senator HOLMAN. There is no estimate yet?

Secretary STIMSON. Until that time there are no estimates as to the amount, as to the conditions or terms upon which they will be transferred. That is in the hands of the Government, this Government, and the only answer I can give you as to the general principles that will govern that will be contained in what the President has said to the Congress, and what he said in, I think, two addresses on the subject as to what his purpose was so far as the use of these weapons is concerned when they are finished.

NEEDS OF OTHER COUNTRIES HAVE BEEN TAKEN INTO CONSIDERATION

Senator BROOKS. Mr. Secretary, may I ask, in telling us how you arrived at the \$7,000,000,000, you mentioned only conferences with and deductions made from conferences with the British. As I understand, the purpose of the passage of the bill and the intention of the President, and as you read the statement of Secretary Hull, the purpose of the Government now is to go all out to all nations who need our assistance or whose defense is for our defense.

Secretary STIMSON. Yes.

Senator McKELLAR. For democracy.

Senator BROOKS. Have you taken into consideration, after consultation with those governments, their necessities in arriving at the figure of \$7,000,000,000?

Secretary STIMSON. We have been apprised of their wishes, and we have met them and discussed with several of them a number of times, even before the bill was contemplated and while they were over here seeking in our market to get their requirements, notably the Greek Government.

Senator BROOKS. Then do I understand that you have taken into consideration their needs and the cost of facilities to produce their needs, and that it is all encompassed in this \$7,000,000,000 figure?

Secretary STIMSON. Yes.

Senator BROOKS. So that the mere mention of the British was only because—

Secretary STIMSON (interposing). Because they are so much the largest.

Senator BROOKS. But the others have all been taken into consideration—I do not say all, but several of them?

Secretary STIMSON. All, up to date.

Senator BROOKS. I understand that. You cannot tell who they may be, but you do have in mind facilities for the production of necessary armament for other governments that are included in the \$7,000,000,000?

Secretary STIMSON. Yes.

Senator ADAMS. Thank you very much, Mr. Secretary. Now we will be glad to hear Secretary Knox.

NAVY DEPARTMENT

STATEMENT OF HON. FRANK KNOX, SECRETARY OF THE NAVY

Secretary KNOX. I am sure you will all agree with me that it is needless for me to go over the general ground that Secretary Stimson has covered thoroughly.

Senator ADAMS. I do not think we want to hear from you on that statement.

Secretary KNOX. My statement is a very brief one, and I will be very glad to submit myself to questions and answer them if I can.

PREPARATION OF NAVAL ESTIMATES FOR THE BILL

My general statement before the House committee covers the Navy's part in this bill. The naval estimates were prepared by us in the same manner as we prepare our own naval estimates, after careful consideration of the stated naval requirements of the nations to be aided.

In the course of consideration with representatives of those nations, adjustments were mutually agreed upon, involving some changes in type of equipment so that consolidation of procurement can be achieved, and the defense articles to be procured will be, with few exceptions, entirely suitable for use in our own defense, should eventualities indicate the necessity of such use.

On completion of the estimates they were subjected to the same budgetary process as are our own estimates and they were presented to the Congress only after having been justified in detail to the Bureau of the Budget and after having been subjected to the customary close scrutiny of that Bureau.

These estimates are based on the most urgent needs for naval-defense articles of nations actually at war, and, therefore, in fairness to them and in the best interests of our own defense they cannot be openly disclosed in detail. We are prepared, however, to discuss details in executive session and off the record.

The provisions of the bill allow a certain flexibility as between the different categories, in order to provide for the possible contingencies of an ever-changing situation. Our estimates were made with knowledge of these provisions and we believe they will enable us to meet any sudden change in the situation which may arise.

QUESTION AS TO DIFFICULTY IN ARRIVING AT STANDARDS

Senator HAYDEN. Mr. Secretary, was there much difficulty in arriving at standards with respect to the procurement of vessels and other things under this bill, so far as the Navy is concerned, as well as the Army? It has always been my understanding, for example, that the calibers of guns, large and small, in the British Navy and our Navy were the same.

Secretary KNOX. No; that is not quite true.

Senator HAYDEN. I have been told, on the other hand, that the French calibers would not fit our guns at all.

Secretary KNOX. That is true. Most of the great navies have a slightly different caliber from the others, and that is true of the British as well as ours. We are trying to bring them closer together however, and we have succeeded in doing that to a considerable extent, but still the British use, for instance, 4.7 where we use a 5-inch. As Secretary Stimson said, they use .303 small-arms ammunition, where we use .30. They are with us on the .50 caliber, although they use a different kind of powder, a little faster powder. But by and large we have arrived at pretty fair agreement as to the details.

Senator THOMAS. What about the 37's?

Secretary KNOX. The 37 millimeters? We both use that, and the 20 millimeters. As a matter of fact, the armament for planes is rapidly coming to a common level.

Senator HAYDEN. That is because it is newer?

Secretary KNOX. That is right; quite right.

Senator ADAMS. Your greatest divergence in quantity is in the rifle? That is, there are more individual pieces where there is a variation? We have our .300 and the British have .303.

Secretary KNOX. Yes. That has to do with small arms and machine guns. They are persisting in their .303 because they have an immense amount of that material on hand.

RIFLES SENT TO ENGLAND

Senator ADAMS. I understand, Mr. Secretary, that there was a large number of rifles sent to England some months ago, and I assume, of our American caliber?

Secretary KNOX. There were a lot of .303's in those, too. There were some left over from the previous World War, old guns but good rifles. They have used some of our .30's as well. I think they have started out—I am depending on my memory for this now—to equip 10 divisions of British troops entirely with American equipment. This, however, is an army item rather than a navy item.

Senator RUSSELL. Did you say that our rifles that we have were .303?

Secretary KNOX. No; .30. We made a lot of .303's in the other war for the British, and we had a lot of them on hand.

Senator RUSSELL. But these stores that were sent to England after the Dunkerque disaster were .30 caliber, were they not?

Secretary KNOX. Yes; most of them.

Captain ALLEN. They were Krag and Springfield, and some Enfields. A lot of that stuff went to the Home Guard.

Senator RUSSELL. Mr. Secretary, I have one or two questions that I want to ask off the record.

(A discussion followed off the record.)

Senator ADAMS. May I ask General Marshall about this rifle situation, the rifles that were sent to Britain?

General MARSHALL. You are speaking about Dunkerque now?

Senator ADAMS. Yes.

General MARSHALL. They are World War rifles of the British pattern, but our caliber, that is, .30-caliber Enfield rifles.

Senator ADAMS. What are the British doing now with those rifles? Are they manufacturing ammunition for them?

General MARSHALL. They are manufacturing ammunition in this country, that is, having it manufactured in this country. We have supplemented this with the little we were able to give them for the Enfield .30-caliber rifle, and for the tremendous number of old machine guns and some 25,000 automatic rifles we gave them.

Senator ADAMS. Is it feasible at all to change the caliber of the rifles?

General MARSHALL. They could bore the smaller to the larger caliber, but the great problem is to convert the machinery at the point of production. You can do that for the ammunition in about 6 weeks, and for the rifle in about 2 months. And apropos of that, the British at present have a large amount of .30- and .303-caliber ammunition under contract in this country. We have been able to place orders for only about half this amount, due to lack of powder facilities. We could convert this British production to our use in about 6 weeks.

ROUNDS OF AMMUNITION SUPPLIED ENGLAND

Senator NYE. How many rounds of .30-caliber ammunition have we supplied England?

General MARSHALL. Last summer, in the first lot, 130,000,000. And then we gave them in small lots, as we received similar deliveries ourselves, to compensate, enough to carry the total to 144,000,000 rounds.

Senator NYE. Then there is no ground for the contention which has been rather frequently heard, that there were 600,000,000 rounds of .30-caliber ammunition shipped to England?

General MARSHALL. Oh, no. That is like the rumor of the first division sailing for Singapore the other day.

ENFIELD RIFLES SENT TO ENGLAND

Senator NYE. How many Enfield rifles were sent them at that time?

General MARSHALL. I will have to get the figures on that. I think we ran up to about 800,000 Enfield rifles, but I would have to get the actual figures. Then at a later date we gave them 250,000 more. We have enough Enfields, that we do not use, in reserve, to equip an infantry force of nearly 2,000,000 men. We have not given them Army Springfields, of which we have enough for a similar force. In addition we have at the present time almost 140,000 Garand rifles.

PROCEDURE TO BE FOLLOWED IN DISPOSING OF FINISHED PRODUCTS

Senator LODGE. Do I understand that this \$7,000,000,000 will be converted into finished products, and then those finished products

will be allotted to the Army and Navy, and then the decision will be made as to how much will be allotted to other countries?

Secretary KNOX. That is right. And to whom it shall go.

Senator HOLMAN. Nothing goes across until it is released by our own Army and Navy officials?

Secretary KNOX. Until it is released by a committee created by the President, consisting of the Secretary of State, the Secretary of the Treasury, the Secretary of War and the Secretary of the Navy.

Senator RUSSELL. May I ask a question that I was endeavoring to ask a few minutes ago, Mr. Chairman?

Senator ADAMS. Certainly.

Senator RUSSELL. Mr. Secretary, in this item of vessels, ships, boats, other watercraft—this need not be on the record.

(A discussion followed off the record.)

NEEDS OF OTHER COUNTRIES TAKEN INTO CONSIDERATION IN ARRIVING AT FIGURE IN BILL

Senator BROOKS. Mr. Secretary, in arriving at this figure, does this take care of the requirements of the other nations, other than Great Britain?

Secretary KNOX. Yes, it is an estimate. Senator Brooks, what we have done is set up what we think will be the requisite sum to take care of the necessities of the situation, and in order that we may meet that situation as it may be at that time, we have got to determine where the things shall go and to whom they shall go at the time those things are available. We will not make up our minds in advance about what we will do with a given thing until we have the thing to give.

NEED FOR FLEXIBILITY IN INTERCHANGE OF ITEMS

Senator BROOKS. Most of the money that is to be appropriated, that is being asked for, is being asked for on the basis of a figure on a certain type or types, according to the known need now? Is that not true?

Secretary KNOX. It is not true in very great detail. It is true in a general way. We have to have a lot of flexibility in the interchange of items, because the situation may change. For instance, we have seen in this war a distinct change in the type of mines, and we might provide right now a huge number of magnetic mines and then find 6 months later that nothing but acoustic mines are being used.

Senator BROOKS. I am thinking about these landing boats and things of that type. They, of necessity, would be designed to meet a certain anticipation, would they not, that is pretty much known now?

Secretary KNOX. The use of landing boats by the British requires the same kind of a boat that we use and that would be given to China or Greece. It requires the same kind of boat, no change in construction. It is a large boat with a curious bow that permits it to shove itself up on the land.

Senator HOLMAN. Naturally, the matériel of various kinds that we make, that are of caliber not used by this country but used by Britain or some foreign country, would be apt to be exclusively for their use; would it not?

Secretary KNOX. That is right. That would be a very small percentage of the total.

Senator ADAMS. Mr. Secretary, of course, you cannot be master of all the details when you are head of a large department, and I assume that much of that we will get from Mr. Harold Smith?

Secretary KNOX. Yes; and any members of my staff that you may want to call.

Senator ADAMS. There are some questions, I know, that our committee is somewhat interested in as to the British financial situation in this country. Would Mr. Smith be the one to give us that information?

Secretary KNOX. I should think the Secretary of the Treasury, possibly, could answer those questions, and possibly Mr. Smith also.

Senator ADAMS. Well, Mr. Secretary, in this item "Aircraft and aeronautical material," which is \$2,000,000,000, I assume that that includes the naval aircraft?

Secretary KNOX. Yes; that includes naval aircraft—that includes the Army type.

Senator BYRNES. Mr. Chairman, I did not ask for the break-down of this because I did not know whether you wanted it to go into the record. I have in my hand a statement—is this public?

Secretary KNOX. No; this is confidential.

Senator BYRNES. If you do not want that break-down to go into the record, let us keep it out of the record. There is a statement here—have you any objection to the committee seeing it?

Secretary KNOX. I have no objection to the committee seeing it, but I would not publish it.

Senator ADAMS. Mr. Secretary, on this total, of course, we have an even \$7,000,000,000. Necessarily, that is made up of a series of estimates?

Secretary KNOX. That is just exactly right.

Senator ADAMS. There is no particular item as to which anyone could say it is the exact amount; that is, it would be almost as difficult to answer why it should not be 7½ billions as to why it should not be 6½ billions? That is, I mean to say you have to arrive at an estimate from unknown conditions; that is, unknown quantities enter into every one of these items?

Secretary KNOX. They do.

NO FUNDS IN BILL FOR IMPROVEMENT OR DEVELOPMENT OF BASES SECURED IN EXCHANGE FOR DESTROYERS

Senator BYRNES. I think for the record I would like to ask this question, Mr. Secretary: Is there in this bill any appropriation having in mind the improvement or the development in any way of the bases that were secured in exchange for the destroyers?

Secretary KNOX. No; not a dollar.

BILL RELATES ALMOST EXCLUSIVELY TO PRODUCTION OF TRANSPORTABLE ARTICLES

Senator ADAMS. This bill relates almost exclusively to the production of articles which are transportable, except necessary real estate, in order to establish a facility for the production of those articles?

Secretary KNOX. Yes, sir; that is right.

Senator BYRNES. I would like to know if there are any purposes in the bill other than those authorized by H. R. 1776.

Secretary KNOX. Not a thing that I know of—nothing, to my knowledge.

QUESTION AS TO ACQUIRING TITLE TO BASES

Senator RUSSELL. I would like to complete the record here while we are on this. Under the terms of H. R. 1776 the President is authorized to negotiate for some consideration for the articles that are appropriated for in this bill?

Secretary KNOX. Oh, yes.

Senator RUSSELL. And it would be possible for the Congress to put a limitation on the appropriations to make the delivery of these articles contingent upon the acquisition of title to those naval bases, would it not?

Secretary KNOX. Do you want an answer of me?

Senator RUSSELL. Yes.

Secretary KNOX. That would be possible.

WAR DEPARTMENT

STATEMENT OF GEN. GEORGE C. MARSHALL, CHIEF OF STAFF

Senator ADAMS. General Marshall, have you a statement you desire to make to the committee at this time?

General MARSHALL. I have no prepared statement. I am here at your disposal. However, I agree very completely with what Secretary Stimson has already said, and I shall be glad to go into any details that might be of interest to you gentlemen.

EFFECT OF BILL UPON PROGRAM OF WAR DEPARTMENT FOR IMPROVING DEFENSE OF UNITED STATES

Senator BYRNES. General Marshall, what effect will this bill have upon the program of the Department for improving our own defenses?

General MARSHALL. I am certain it will be of great benefit. At the present time we have a confusion of orders and a division of responsibility, both on the part of the manufacturer and among various interested groups which are trying to place contracts practically in competition with each other. Once this bill becomes a law the entire matter of placing contracts, the types of matériel to be manufactured, and the inspection service to be carried on during this period of production will all be coordinated. Increased production will add to our own strength, and our resources will not be diminished in any way until the finished products come off the production line and the problem of deliveries presents itself. In the meantime this centralized control will react to the benefit of that phase of our munitions program which has reached the stage where contracts are to be placed.

If we go ahead independently with the placing of our own contracts under the recent deficiency appropriation bill approved by this committee, while at the same time the British are also placing tremendous contracts in this country, the result, lacking coordination, will be un-

utterable confusion and the development of new bottlenecks in addition to those we already have to contend with.

DISCONTINUANCE OF FURTHER SEPARATE BRITISH ORDERS

Senator ADAMS. Does it follow, then, General Marshall, that the English or British orders which are now flowing partly into the plants and largely out will cease to come in, and that all of the orders will come from our groups so that there will be no more separate British orders?

General MARSHALL. That is correct. There will be no more separate British orders.

Senator ADAMS. Will all the orders then for munitions and airplanes be paid out of this appropriation, so that the English will have no more direct responsibility for the payment, except to us?

General MARSHALL. All orders for matériel will be placed under the provisions of this bill, sir.

Senator ADAMS. Why should that be? Why should we take the place of the British? I understood it was our theory that we were going to aid the British; that is, that they were the primary people and that we were going to supplement and to aid and to take care of their deficiency. Now, I gather from you that we are just going to step in and become the principal.

IMPORTANCE OF SIMPLIFYING PROCUREMENT PROCEDURE

General MARSHALL. Senator, the combined requirements of both nations involves such tremendous quantities of material and the time factor is of such vital importance that unless procurement procedure is greatly simplified, the project is impossible of accomplishment.

FINANCIAL RESPONSIBILITY OF GREAT BRITAIN FOR FUTURE PURCHASES DECREASED

Senator OVERTON. I think Senator Adams wants to know whether it increases the financial outlay of the United States and decreases the British expenditures in this country.

General MARSHALL. It will decrease the financial responsibility of Britain for future purchases. It will not decrease British expenditures for contracts that have already been placed in this country, but it means that Britain will not directly place additional contracts once this bill is in effect.

BRITISH CONTRACTS IN THIS COUNTRY PREVIOUSLY LET NOT TO BE AFFECTED

Senator BYRNES. General, in the discussions before the Foreign Relations Committee on the bill which authorizes this appropriation the statement was made that the British Government was not able to place any contracts or make any commitments in addition to those commitments they had already made, that the securities and assets of all kinds that they could convert into dollars would be needed to discharge the obligations they had already contracted for, and that unless that bill were passed the British would have no ability to enter into further contracts. Is that correct?

General MARSHALL. That is correct, sir.

Senator BYRNES. So that if this were not done, the theory of it is that they could place no additional contracts?

General MARSHALL. They could place no additional contracts, and they would have great difficulty in meeting the final payment on contracts already in existence.

Senator BYRNES. But as I understood it this was not proposed to affect contracts they have existing at this time.

General MARSHALL. This permits them to complete existing contracts under the original terms.

Senator OVERTON. We do not assume the obligations of the existing British contracts?

General MARSHALL. No, sir; we do not.

PROVIDING OF FUNDS THROUGH RECONSTRUCTION FINANCE CORPORATION TO TAKE OVER CERTAIN BRITISH PLANTS

Senator BYRNES. There is one proposal that has been discussed in the press and in the House, that so far as certain plants owned by the British are concerned we are to provide funds through R. F. C. to take over those plants: is that right?

General MARSHALL. I believe that is right, sir, although I am not familiar with the details.

VALUE OF OBTAINING BENEFIT OF BRITISH EXPERIENCE WITH VARIOUS GUNS AND OTHER WEAPONS

Senator BYRNES. Let me go back to your own Department. Will we by reason of this placing of orders for, you might say, the joint account, acquire possession of any of the improvements or developments that the British have made in various guns and other weapons, and such things as that?

General MARSHALL. We acquire all of those that we want.

Senator BYRNES. How will that affect our own defense?

General MARSHALL. It affects us very materially in that it gives us the benefit of all the latest developments the British have found effective in this modern type of warfare.

Senator BYRNES. I assume you will take advantage of them in placing orders for our own defense program?

General MARSHALL. Yes, sir. We will vary from their designs only where we believe that matériel we now have or which we are developing ourselves is superior. In the process of standardization and simplification we will make the choice between the best that we have and the best that they have, with due consideration, of course, for the time and production factors.

AMOUNT SPENT BY BRITISH GOVERNMENT IN UNITED STATES UP TO PRESENT TIME

Senator ADAMS. How much has the British Government spent and contracted to spend in this country, General?

General MARSHALL. Up to the present time?

Senator ADAMS. Yes.

General MARSHALL. I cannot answer that, sir.

Senator ADAMS. I have heard it is approximately \$3,000,000,000. Is that somewhere near right?

Mr. SMITH (Director of the Budget). It is \$2,700,000,000 to January 1.

Senator ADAMS. Then this would mean that the British spending would stop at \$2,700,000,000 and we would pick up the load and add \$7,000,000,000?

Senator OVERTON. Pardon me, but I do not understand it that way, because in response to my question just now General Marshall said we are not assuming any of the obligations of the British contracts that are not being executed.

Senator ADAMS. But as I get it, the British expenditures plus the obligations of the \$2,700,000,000 that they have will clean them out. It will pay for what they have bought and what they have ordered.

Senator OVERTON. Does the \$2,700,000,000 include outstanding contracts that have not been executed?

Senator BYRNES. That is, in this country?

Senator OVERTON. Of course, in this country.

DISCONTINUANCE OF FURTHER SEPARATE BRITISH ORDERS

Senator ADAMS. Then, General, what I am getting at is this. I get from General Marshall the understanding that after those orders are delivered there will be no more British contracts, no more payments to American manufacturers, but all contracts will be made by the United States and all payments will be made by the United States. Am I correct in that, General? I was trying to verify my understanding that the amount which the Budget Director, Mr. Smith, tells us the British have spent, and are obligated to spend, is \$2,700,000,000. Now, when all these obligations are carried out into which they have already entered, then the United States will be the sole contracting party for munitions, and payments thereafter will not be made by the British Government, regardless of whether the material is kept here or sent there. The British Government will be under no direct obligation. Whatever obligation they have will be to our Government, not to the manufacturers?

General MARSHALL. That is correct, sir.

Senator ADAMS. We take their place as the primary contracting party?

General MARSHALL. That is correct, sir.

Senator BYRNES. After the munitions are provided, then, under the terms of the bill they are either sold, leased, or loaned, upon conditions agreed upon between the President and the country to whom they are given?

General MARSHALL. Upon conditions agreed to at the time of the transaction.

EFFECT OF AID OF THIS CHARACTER ON CENTRAL AND SOUTH AMERICAN COUNTRIES

Senator BYRNES. General, may I ask this. Recently, I noticed in the newspapers that you had here some representatives of the armies of the South American republics. From your conferences with those gentlemen, I wonder if you could tell us what in your opinion would

be the effect of aid of this character upon the nations to the south of us?

General MARSHALL. They are looking at this with a great deal of interest from two points of view. One is they are hopeful that they can obtain some munitions as we get the larger program under way. The other is that they accept this as a definite indication that we mean business.

NUMBER OF MECHANICS TRAINED FOR VARIOUS PHASES OF AIRCRAFT OPERATION

Senator NYE. General Marshall, were the figures which you mentioned awhile ago relative to the number of mechanics trained inclusive of mechanics for radio communication?

General MARSHALL. I meant all mechanics for the various phases of aircraft operation.

Senator NYE. Including communications?

General MARSHALL. Yes, sir. Of course, additional mechanical training for signal communications must be given by the Signal Corps itself to personnel of the ground army. We have a tremendous development of specialist training under way, and I have been decentralizing as far as practicable to commercial schools so as not to build up dependence exclusively on great Army plants.

RADIO-COMMUNICATION TRAINING

Senator NYE. How much aircraft have you been able to supply for radio-communication training?

General MARSHALL. The greater part of our radio-communication training is on the ground, but, of course, all our aircraft have communication equipment, and whenever the plane flies, an expert and a student are in the plane working with the communications equipment.

Senator NYE. About the middle of February, I had occasion to visit Scott Field, in Illinois, where you had at that time something like 7,000 men in training with only one ship, and there seemed to be great uneasiness there because they did not have more and there were no more in prospect.

General MARSHALL. There is great uneasiness throughout the Air Corps because of the lack of ships. Our whole program has been based on ship deliveries, you see, and wherever the manufacturer fell behind his schedule and plane deliveries fell behind while mechanic and pilot training went right straight ahead—and by “mechanic” I also mean the mechanic being trained in radio communication—then we were in trouble. They were more worried at Chanute, the aviation mechanic training field, than they were at the field you visited, because at Scott Field, the location you mention, much of the radio training could be carried out on the ground.

Senator NYE. There they were doing everything on the ground.

General MARSHALL. Yes, but the training in pure air mechanics requires the presence of ships as the crews must be trained to go over a ship just as a mechanic goes over an automobile. We have been in the position of having too many men per ship for satisfactory training.

The radio operator, of course, can complete most of his training without flying. Naturally, it is much better when he gets in the air and encounters all the conditions of static involved in flight. There is a good deal of difference between sitting in the plane working on a radio set and sitting on the ground while working with it.

Senator NYE. I should think so. Has there been much improvement in that situation in the last month and a half?

General MARSHALL. Yes, sir; considerable improvement during the last month; but the material improvement will not come until about the middle of May.

HOW AMOUNTS IN VARIOUS CATEGORIES WERE ARRIVED AT

Senator ADAMS. General Marshall, are the categories of defense items based on the British statement of their necessities rather than on an investigation by our people? I assume they are, from the statements that have been made.

General MARSHALL. Much more than that, sir. Their lists were very carefully worked over by our own people in exactly the same manner that we scrutinize our own lists when they come in from the chiefs of the arms and services. As you know, we have to cut and tear and trim our own estimates very exactingly, and we did the same thing with these. Then we discussed questionable items with their agents here, and later processed the estimates through the Budget, as Mr. Smith can explain, where we had to justify them as far as we could.

(Whereupon, at 5:20 p. m., the subcommittee recessed until tomorrow, Friday, March 21, 1941, at 10:30 a. m.)

DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL, 1941

FRIDAY, MARCH 21, 1941

UNITED STATES SENATE.
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS.
Washington, D. C.

The subcommittee met at 10:30 a. m., pursuant to adjournment. Senator Alva B. Adams (chairman of the subcommittee) presiding.

Present: Senators Adams (chairman), Glass, McKellar, Hayden, Byrnes, Russell, Overton, Nye, Holman, and Brooks.

Senator ADAMS. The meeting will be in order.

OFFICE OF PRODUCTION MANAGEMENT

STATEMENT OF WILLIAM S. KNUDSEN, CHAIRMAN, OFFICE OF PRODUCTION MANAGEMENT

Senator ADAMS. Mr. Knudsen, we have asked you to come up, as you know, on this appropriation bill to give us information as to various items which go to make up this total of \$7,000,000,000. Now, I assume, perhaps, you would rather tell us in your own way what these items are. You have got it in your mind?

Mr. KNUDSEN. Yes, sir.

Senator ADAMS. If you will.

Mr. KNUDSEN. Mr. Chairman and Senators, you know that we have a certain amount of work in process now that has been covered by previous appropriations, and this \$7,000,000,000 worth of material will go in on top of it. Due to the fact that we have to work against time, we would be forced to provide some more facilities beyond what is in work now.

FACILITIES UNDER CONSTRUCTION AND ADDITIONAL FACILITIES REQUIRED TO COVER LEASE-LEND BILL

In the testimony before the House committee I gave the details of what is under construction now, some 784 plants, both Government-owned and private plants, which we hope to have finished in the third quarter of 1941, but there will be some \$700,000,000 worth of facilities required to cover the lend-lease bill. If we had lots of time, we could put them right in what we have, but we haven't got time, and therefore I am satisfied that we should provide these facilities, mainly for explosives, powder, airplanes, and guns.

You probably know how the program stands now. We have increased it.

Senator ADAMS. Do not assume that we know too much.

Mr. KNUDSEN. All right, sir.

Senator RUSSELL. That is a rather violent assumption.

Senator McKELLAR. I will get you to repeat one statement that I did not catch exactly awhile ago. How much do you say you would put into additional facilities?

Mr. KNUDSEN. About \$700,000,000.

Senator McKELLAR. About \$700,000,000 for the building of additional facilities?

Mr. KNUDSEN. Yes. Of course, in the Navy Department the units are of a certain kind, and we do not have to pay so much attention to that, because it generally means adding to something that we have; but in ordnance it means going out and planning another plant, you see.

Senator McKELLAR. There are more Government-owned facilities in the Navy Department than there are in the War Department, in other words?

Mr. KNUDSEN. I would say "Yes." Yes; the Navy Department have a good many private contractors working for them. But, of course, a Navy establishment is a shore establishment as a rule right near the water, pretty well confined as to where to put it.

DECENTRALIZATION OF INDUSTRIAL FACILITIES

Senator McKELLAR. Mr. Knudsen, is it your purpose in building this \$700,000,000 of facilities to distribute them more or less over the country?

Mr. KNUDSEN. Yes, sir.

Senator McKELLAR. Or is it your view that they should be confined to certain localities? How is that?

Mr. KNUDSEN. No, sir. The program has gotten too big for that. Even if we wanted to, we could not. We had to spread, otherwise we would move so much of the labor. We would have so much labor migration, as I might call it, that it would not be practical.

Senator McKELLAR. You have got that, now?

LOCATION OF PLANTS AWAY FROM SEACOAST

Mr. KNUDSEN. So you will find that in the beginning of our present program, which started last fall, we had a good many establishments around the seacoast and the New England States, States close to the water, but ever since then we have moved inland, and we are now over on the other side of the Mississippi River with quite a few plants.

Senator McKELLAR. I was just thinking of my own inland State of Tennessee. I think that it should be distributed fairly, justly, and equitably to the best interests of the Government always, but with consideration to all the States. That is the way it strikes me.

Mr. KNUDSEN. Well, I haven't in mind at the moment but two plants in Tennessee, but I know that Tennessee has had consideration.

Senator McKELLAR. I am glad to hear that.

Senator ADAMS. We can tell you a lot about Tennessee, as to what they have been getting.

Senator RUSSELL. I know this question of plant location gets to be very irritating to you gentlemen up here, but at the other end of the line some of us who are here on the Hill have been irritated at times about the location of plant facilities.

Senator McKELLAR. That is the reason I made that suggestion.

Senator RUSSELL. Does that mean now that a State such as the one I have the honor of representing in part, the State of Georgia, that is on the seaboard, and that did not get into the first program of seven hundred-odd plants that have been constructed, are now to be left high and dry as a result of these others going so far inland? Is that the program?

Mr. KNUDSEN. Your Congressman came to see me yesterday, and I think I satisfied him as to the things that had been done and that were to be done.

Senator RUSSELL. I hope so, because we have primarily an agricultural State, but in Atlanta and other cities we have a considerable number of industries and some skilled labor, and that labor is leaving the State at a tremendous rate now and going out to other sections.

Mr. KNUDSEN. I know you have.

Senator RUSSELL. You do? I am glad to hear that, because I am frank to say I do not think we have had a great deal of attention yet in the program.

Mr. KNUDSEN. There is not a State in the Union that I have not been in by automobile, sir, not a single State in the Union.

Senator RUSSELL. Well, mine is the largest in area east of the Mississippi River, so if you went entirely across it you traveled some distance in that region.

Senator ADAMS. Mr. Knudsen, may I say this to you, that at any time you want to say anything off the record, if you will indicate it to the stenographer he will lift his pen, and it will not go on the record. We want you to feel free to give us the information we ought to have, and we do not want anybody to be embarrassed by anything that is on the record. So we will leave that to you.

Mr. KNUDSEN. All right, sir.

You want me to talk some more about the work that is going on?

Senator ADAMS. We do.

EMPLOYMENT FIGURES

Mr. KNUDSEN. All right. We put into the work according to the Labor Department statistics somewhat over 2,000,000 men since we got the go ahead in September last year, and we have in prospect putting on 3,000,000 more before the end of the summer.

NUMBER ADDITIONAL PRODUCTION WILL REQUIRE

Senator ADAMS. You figure that the additional production will take 3,000,000 men in addition to the 2,000,000 that have already been put to work?

Mr. KNUDSEN. It will even take more than that, sir. We are going to put 3,000,000 men to work as fast as we can, because they are idle men at the moment, and we have a program. We are trying to make skilled men out of unskilled men, and semi-skilled men; and when you

hear about the amount of tooling we require, that is simply due to the fact that when you fit a man with tools you do not need a skilled man, an all-around mechanic to operate that machine. You can have a fixture set and have some skilled men set the machine up, and an operator will run it. That is the only answer to quantity production. In fact, the industry that I came from was founded on that.

DIVISION BETWEEN SKILLED AND UNSKILLED LABORERS YET TO BE
EMPLOYED

Mr. OVERTON. Can you give me a rough estimate as to how many of the 3,000,000 will be unskilled labor, and how many, semiskilled or skilled?

Mr. KNUDSEN. Well, I imagine the percentage of skilled labor of the 3,000,000 will depend on how many we can find out of work.

Senator OVERTON. Would you say half of them would be unskilled labor?

Mr. KNUDSEN. I think more than that, sir.

Senator OVERTON. More than that? How will the employment be scattered geographically, on unskilled labor?

Mr. KNUDSEN. I do not think I could give you the figures, sir. I do not know the percentage of skilled labor in the different localities of the United States, but I haven't any doubt but what we will be able to man the machines as fast as we get them.

EFFORT TO BE MADE TO ABSORB AS MANY AS POSSIBLE OF THE UNEMPLOYED
THROUGHOUT THE UNITED STATES

Senator OVERTON. Just one other question. Is an effort going to be made to absorb as many of the unemployed as possible, not in any particular area or areas, but throughout the United States?

Mr. KNUDSEN. We absolutely have to, sir, in order to cover the program.

QUESTION AS TO TRANSPORTING UNSKILLED LABOR

Senator OVERTON. Will the unskilled labor have to be transported to other areas?

Mr. KNUDSEN. No.

Senator OVERTON. Or are you going to carry industry to the different areas?

Mr. KNUDSEN. Senator, what you hear about mostly is shipyard workers, where the shipyards are confined to the coast, and in some cases we have had to bring shipyard workers in there; but in this last program, here, where we have a lot of standard ships, we are going to have all the parts of these ships and the propulsion equipment made inland in the Middle West in fact. We are canvassing all the large machine shops in there to get the equipment and the help in the Middle West. We will then ship the parts down to the shipways and have them assembled in the ships.

Senator OVERTON. How about the Gulf States area?

Mr. KNUDSEN. The Gulf States area has gotten some yards.

Senator RUSSELL. As a matter of fact, my State is the only State

that touches salt water that hasn't got some kind of ship-building or naval activities.

ESTABLISHMENT OF AIRPLANE FACILITIES INLAND

Mr. KNUDSEN. Now, on airplanes you will remember that in the beginning the airplane industry was located mostly on the Pacific coast, while the engine manufacture was located mostly in the New England States and in New Jersey. We have now gotten a great part of that work transferred inland to the Detroit area. We have also developed airplane plants in the center of the United States, and we are putting five more plants in the center of the United States. In fact, we found a little area around Wichita that had been doing experimental work. We have increased that almost a hundredfold, so that by the time all the experiments are finished there will be a hundred more separate designs than when we started.

We naturally had to let some on the coast in the interest of speed, and we had to expand the two main engine plants on the east coast in the interest of speed, but since then we have got five engine plants going in the Middle West, and we are now in a process of building four bomber assembly plants in the Middle West. So gradually we are spreading it, but I want to be quite frank—in the beginning of the 1941 program, we went where we could get the quickest action, because there was a great demand for speed.

Senator OVERTON. I understand that.

Mr. KNUDSEN. For this program now, as I might say, we just cannot help ourselves, we must spread it over the United States.

SHIPYARDS ARE ASSEMBLY PLANTS IN LARGE MEASURE

Senator BYRNES. A shipyard is an assembly plant in a great measure, isn't it?

Mr. KNUDSEN. Yes, sir.

Senator BYRNES. It has to be.

Mr. KNUDSEN. That is, the standard ship. The so-called standard ship. We are going to build 260 of them that are alike.

Senator BYRNES. Your engines have to come from one place, and when you go into the Navy, the materials and various parts have to come from other places?

Mr. KNUDSEN. Yes. The engines come from 10 places, sir, and the boilers will be coming from 5 places, and the auxiliaries will be scattered through the Middle West, so there will be a large number of subcontractors working, and we will then ship the stuff down to the shipway and assemble it.

EFFORT TO EXTEND USE OF SUBCONTRACTS

Senator BYRNES. So far as possible you are endeavoring to persuade the management to subcontract so as to decentralize?

Mr. KNUDSEN. We have to do that, Senator.

Senator ADAMS. That is, your shipways are assembly plants now rather than shipbuilding plants?

Mr. KNUDSEN. That is correct.

QUESTION AS TO WHETHER GULF STATES ARE REGARDED AS AN
UNPROTECTED AREA

Senator OVERTON. There is what I understand is called a protected area; that is, you try to avoid locating an industry in an unprotected area, right near the coast; isn't that true?

Mr. KNUDSON. Yes; when we first came down here.

Senator OVERTON. I understand that to be correct, but I wanted to ask you whether the Gulf States region is regarded as an unprotected area now in view of the acquisition of these off-shore bases?

Mr. KNUDSON. No, sir. We have been putting yards in Houston and around Baton Rouge, and Pontchatoula. We have been putting yards in there. We have expanded the Florida yards as far as we could, so that has not entered into that; but you would probably know, when we came down here the General Staff confronted us with a map with a line around it, and inside of that we tried to put all the industries we could.

Senator OVERTON. Yes; that was the 200 miles. That is all.

Senator BYRNES. While you were looking around last fall, everybody was quarreling with you about not speeding it up?

Mr. KNUDSON. Well, of course, that is only natural.

Senator BYRNES. I heard some speeches over the radio about your failure to proceed with enough speed.

USE OF SUBCONTRACTS

Mr. KNUDSEN. You will never find out how the job is going until you begin to get finished material off the line. Then, that is the time to judge whether we followed the right system in making tools and fixtures rather than trying to make things in pieces by hand.

You might be interested in this. Pratt & Whitney, the motor builder, is a very old firm up in New England. They were machine-tool builders to begin with and drifted into the business of making air-cooled motors. Curtiss-Wright is another one. Pratt & Whitney from the beginning have had a large number of mechanics around in New England. It developed subcontracting to such a point that at least 61 percent of their motors, the Liberty motors, were made by subcontractors, and 39 percent in the factory. We found Wright Co. pursuing the opposite course; almost 90 percent of the motor was manufactured in the factory and 10 percent of it on the outside. We have managed to get that switched around now so that all contractors are asked what percentage of subcontracting they do in a unit, and in that way we get them to spread it around. Wright Co. just put another plant down near Cincinnati, and they are going to subcontract 60 percent outside and only make 40 percent inside.

Senator BYRNES. What you are doing is to ask the Wright Co. to help you with this production program?

Mr. KNUDSEN. That is right.

Senator BYRNES. Wright wants to keep as much of the work under his immediate supervision and where his key men can supervise it as he possibly can, and you are trying to persuade him to decentralize?

Mr. KNUDSEN. We have got him persuaded.

Senator BYRNES. You have trouble with some of them, do you not?

Mr. KNUDSEN. No; not any more. The program is so big that there is no valid excuse for anyone trying to corral it all in one place.

HOW PROBLEM OF SUPERVISION AND MANAGEMENT IS HANDLED

Senator BYRNES. How do they provide for supervision and the all-important question of management?

Mr. KNUDSEN. They use the supervision of the subcontractor and only send technicians out in the case of a mechanical dispute. If they build another plant they simply have to train foremen and let them train mechanics. They take the best mechanics for the foremen to train.

Senator BYRNES. I suppose that all over the country you can find climate, air, and water, but the difficult thing is to find men of capacity and experience to run the plant?

Mr. KNUDSEN. Yes, sir; that is so; but if we can get a lot of small plants—

Senator BYRNES. That are now in existence?

Mr. KNUDSEN. Yes; if we can get the management experienced with them and guide it in the right direction so as to get the Government standard of quality, we are all right.

SURVEYS MADE TO ASCERTAIN WHERE SMALL PLANTS ARE LOCATED

Senator BYRNES. Have you made a search of the country to ascertain where these small plants are located?

Mr. KNUDSEN. We have made a complete survey, sir. In fact, we got two. The National Association of Manufacturers started one for us, and we have within the Office of Production Management set up what we call a Contract Service Department with offices in the Federal Reserve banks and branches, and these also tally up what unused capacity there is around.

UTILIZATION OF SMALL PLANTS

Senator BYRNES. I am not a production expert, but it has always seemed to me that if you did that and then endeavored to persuade the manufacturer of a small plant in the State of Idaho or State of Kansas to participate in the program it would be successful. You have a man there who has a home, he is a man with a family, he is not interested in leaving to go to Bridgeport, Conn., he wants to stay there. If you can have him manufacture something in his own little plant, so that he can remain in his own home, that can be used by your subcontractors, you can bring into the program an increase in your production. Is that just a dream or is that common sense?

Mr. KNUDSEN. That is quite all right, sir. The migration of labor is a very bad thing.

Senator BYRNES. Of course.

Mr. KNUDSEN. It would only be done at the times of highest stress. While the man might be willing to take a look at another town, his wife is not willing.

Senator BYRNES. No.

Mr. KNUDSEN. And that is the biggest problem.

Senator BYRNES. The thing is to provide some supervision, it would seem to me, of these little plants, when you take them into a new business.

Mr. KNUDSEN. Well, we depend upon the prime contractor, sir, to give technical information to these little plants and to guide them. If we tried to do that all from Washington we would have too much to do. We could not possibly cover the field. We would have thousands of men traveling around. So we try to get the prime contractor to handle a certain number of "subs," because he has the responsibility for the finished article and for the inspection of it. But there has been quite a bit of pressure put on us to make the Government a general contractor and have a tremendous number of subcontractors; but that is not really practical.

Senator BYRNES. In no wise.

Mr. KNUDSEN. We start with the finished piece, and the responsibility for the finished piece would be with the prime contractor only.

AMOUNT IN BILL FOR FACILITIES IS NOT EXCESSIVE

Senator BYRNES. Mr. Knudsen, have you made a statement with reference to the amount of money for facilities in this bill? The question was raised when it was first drafted as to whether or not it was a practical thing to intelligently spend the amount of money that was placed in the category for facilities at this time. Do you think that it can be intelligently spent to increase production, or is the amount excessive?

Mr. KNUDSEN. No; I do not think so, sir. In fact, I made the statement before the House committee the other day that if we were asked to do three times that amount the country could absorb it.

Now, it so happens that the program we started last fall is getting closer to completion all the time, and in fact the camps and cantonments will be through the 1st of July, and I hope that our buildings will be pretty well through by the 1st of September. We can then take this construction force and let them build the other plants that are required under this program.

TOTAL PRODUCTION TO DATE AND AMOUNT SPENT FOR GOVERNMENT PLANTS

Senator ADAMS. In the House hearings you gave some figures—Mr. Knudsen's testimony is on page 45 of the House hearings—that there has been a total production up to date of \$12,600,000,000.

Mr. KNUDSEN. Yes.

Senator ADAMS. And that you had spent for Government plants, or contracted for them, \$1,574,000,000, which had been spent in 302 establishments.

Mr. KNUDSEN. Right.

NUMBER OF PLANTS FINANCED BY THE BRITISH

Senator ADAMS. Then you said that on top of that the British have financed 61 plants in the amount of \$171,000,000?

Mr. KNUDSEN. Right.

Senator ADAMS. Now, how many plants, roughly, are estimated in addition to these out of the amount for additional facilities under this \$7,000,000,000 bill?

Mr. KNUDSEN. We have a preliminary forecast here that I can read off, giving you the facilities, if you want me to—preferably off the record.

Senator ADAMS. All right.

(A discussion followed off the record.)

USE OF TIMBER AND TIMBER PRODUCTS

Senator HOLMAN. May I inquire at this point about wood? I am a Senator from Oregon, where, as you know, timber is our great resource, and we would like to make our contribution to the national defense. I hope that the available uses of timber and timber products will be given what consideration they should have to be efficient. I have been advised that the British have for years made airplanes out of wood and that the trainer planes particularly, very efficient trainer planes, are now being made of plywoods.

Mr. KNUDSEN. Correct.

Senator HOLMAN. You probably know much more about them than I do.

Mr. KNUDSEN. Yes, sir.

Senator HOLMAN. It would seem to me that if we engaged in making trainer planes out of wood, such as I understand is being done by the British, it would relieve the metal products from that particular type of plane. It would lessen the use of aluminum, which is a strategic mineral, so that more aluminum would be available for bombers and other kinds of planes, and yet we would be able to use our timber products to make planes much lower in cost and much quicker in construction. I wanted to put that thought before you. I presume you have been all through this question yourself, have you not?

Mr. KNUDSEN. I should like to answer that question off the record.

(A discussion followed off the record.)

Senator ADAMS. Mr. Knudsen, you have not had imposed upon you the problem of working out the relationships with Great Britain or other countries. Your problem has been the production problem?

Mr. KNUDSEN. Yes, sir.

Senator ADAMS. That is, you are not concerned with the financial arrangements back of it, as to what the United States is going to get for these things or what it is going to do for them. What you are planning to do is to see that the material is available so that the United States Government may then dispose of it in accordance with its plans, which is not part of your responsibility?

Mr. KNUDSEN. No. My responsibility is to quantities of stock that are required, of the required quality, and at a reasonable cost. That is what I feel my job is.

Senator ADAMS. And the laying out of the program largely, even as to quantities, is submitted to you rather than worked out by you?

Mr. KNUDSEN. Yes. That is submitted by the service, sir, but we check it.

Senator ADAMS. And you have checked, therefore, of course, the items in these various categories in the bill as best you could?

Mr. KNUDSEN. No, sir; I have to confess that I have not received the detailed program as far as pieces are concerned. I have only received the money totals thus far, and we expect within a few days to have the details as to the number of pieces of each kind that are required.

Senator BYRNES. You have the information as to the classes, but not as to the detailed pieces?

Mr. KNUDSEN. That is correct. But, of course, it is only a repetition of what we have been working on up until now, because most of the equipment is similar equipment to what we have been manufacturing.

Mr. ADAMS. So that estimates as to what the amount of money might be that is required are not in your vision as yet; that is, until you know the number of pieces?

Mr. KNUDSEN. Yes, sir. Then I could support the amount, because I know pretty well how much they will cost. But I would like to bring this up, if I have your permission—

Senator ADAMS. Certainly.

ADVANTAGE OF HAVING PROCUREMENT ALL FLOW THROUGH ONE PLACE

Mr. KNUDSEN. The main advantage we get out of this program of consolidation between American and British is that all the procurement will flow through one place. It will be one order. You will only have to deal with it once.

What happens today when it comes down to the end of the line and is finished is of really little moment to me if I can get enough down there, but to have it all standardized material as far as possible and have it all handled in one lot, that is of immense benefit, because we have to plan for all the raw materials to use first. Then we had to plan for any additional tools that might have to follow that afterward.

Senator McKELLAR. Does it mean that you will get these materials quicker in time and cheaper in money?

Mr. KNUDSEN. Well, we can plan for it better if we have the authority and the "bill of materials," so to speak, for the whole lot.

Senator McKELLAR. Yes; I can understand that.

Mr. KNUDSEN. In other words, if we get it in three or four pieces we would have to negotiate three or four times, but if we get it in one we can negotiate for the whole thing.

Senator McKELLAR. Then you think it will enable you to produce it quicker?

Mr. KNUDSEN. Yes, sir.

Senator McKELLAR. And probably cheaper?

Mr. KNUDSEN. I hope so.

UTILIZATION OF FACTORIES AND LABOR NOW MAKING NONDEFENSE MATERIALS

Senator BROOKS. Mr. Knudsen, in this armament program that you are undertaking, gigantic as it is, there are priorities established on strategic materials; that is true?

Mr. KNUDSEN. Yes, sir.

Senator BROOKS. Will not that of necessity stop the flow of those

materials to many existing factories now making nonmilitary or non-defense materials.

Mr. KNUDSEN. It will to a certain extent, yes, sir.

Senator BROOKS. I suppose that you are planning to use those factories and that labor to the maximum extent in some other activity?

Mr. KNUDSEN. Yes.

Senator BROOKS. In defense work?

Mr. KNUDSEN. I could give you a rather amusing instance of that. I had only been down here a month or 6 weeks when a gentleman with quite some standing who wanted to know why I did not shut down the automobile business and get them all in the defense work. I asked him what I could give them to do, because the defense program at that time was not even in the blueprint stage, it was merely in the sketch stage, and I said, "Well, now, to throw a lot of people out on the street without having anything for them to do, that is not helping defense any." So, unless we could dovetail the thing and let one gradually pass the other—that is the way to manage it, and that is the way we are going to do.

Senator BROOKS. What I had in mind is that when you hear a lot of people saying that this defense program will throw certain factories out of work, you certainly are utilizing that labor and that plant to the maximum, are you not?

Mr. KNUDSEN. Yes, sir. That is our job.

Senator BROOKS. Then, let me ask this other question. I understand that several factories in America that are using now aluminum for domestic purposes will not be privileged to have the aluminum for those purposes in the future.

Mr. KNUDSEN. The amount of aluminum allotted to them will be reduced.

Senator BROOKS. I understand further that Canada is exporting some aluminum. Is that true? Can they buy aluminum for domestic production in this country from Canada?

Mr. KNUDSEN. I do not think they have any to spare at the moment, sir. I have not heard about it. We used to have a big argument with them, trying to get some more current for our aluminum fabrication, and I do not think there is any to spare there.

Senator McKELLAR. One of the largest Canadian plants is owned by the Aluminum Co. of America.

Senator BROOKS. I am only asking him, because I believe he is the greatest authority in America on materials and production.

Senator McKELLAR. I have no doubt of it.

Senator BROOKS. I would take his word as against any writer or anyone else that I heard. I just wanted to be sure that that was the fact.

UTILIZATION IN OTHER WORK OF COMPANIES MAKING ALUMINUM UTENSILS

Mr. KNUDSEN. Yes, sir; we try not to shut a thing down until we have something else to put in there, and if we have a situation as in the case of the aluminum pots and pans, we might have to get them switched over to some other metal.

Senator BROOKS. Do you have pretty much a free hand in determining that, sir?

Mr. KNUDSEN. I have not had many complaints yet from manufacturers.

Senator BROOKS. But do you have a pretty free hand? Do you have authority to do that? I mean, from the Government.

Mr. KNUDSEN. Well, Senator, I do not need authority. I would rather go out and talk to them, and I can generally make them see the point. Of course, I have authority, but I do not use it very much.

Senator McKELLAR. You get them to do it by agreement?

Mr. KNUDSEN. We can generally get people to do what we ask them to do.

Senator BYRNES. You find industry then is cooperating with you in this thing?

Mr. KNUDSEN. I am quite sure, sir.

Senator ADAMS. Are there any other questions, gentlemen? If not, is there any other statement you want to give, Mr. Knudsen?

Mr. KNUDSEN. I will be glad to go as far as you like. If you want me to explain anything else, I am at your service.

Senator ADAMS. We simply have the problem of deciding how much money ought to be put in the bill.

Senator BYRNES. If we decide that, then it is your problem as to how you are going to get production—to get them off the line— isn't it?

NO CONCERN AS TO ABILITY TO PRODUCE AFTER INITIAL STAGES ARE PASSED

Mr. KNUDSEN. Yes, sir; that will be my problem. Of course, there is a lot of doubt in people's mind as to whether we could produce that many man-hours in America within a given time, but we have such great reserve supplies to draw from, we have such great experience behind us, it is only this learning and tooling period that we have to go through. Once we surmount that there isn't any question in my mind that we can make twice as much as anybody else can make: and I say that advisedly. I have been in the countries over there. I have seen the plants. I have operated plants over there: and when it comes to getting toolled up, after we do that over here you won't have to be concerned about the output, I am quite sure.

QUESTION AS TO WHETHER AMOUNT OF APPROPRIATION IN BILL IS ADEQUATE

Senator OVERTON. Mr. Knudsen, I do not know whether you have been asked this question or not, or whether you have given the information or not. I came in a little late. It would be helpful for the record, I think, for you to make a statement as to whether or not you consider this contemplated appropriation of \$7,000,000,000 sufficient or insufficient, or too great an appropriation. What is your view about it? Can you judiciously use this \$7,000,000,000 for the purposes contemplated by the lend-lease bill?

Mr. KNUDSEN. Of course, I do not want to be funny, but \$7,000,000,000, to my mind, when you transfer it into man-hours and when you look at the number of people you have to perform the work, it is not so much. I have handled \$1,800,000,000 a year in one industry—in one firm.

Senator OVERTON. How much?

Mr. KNUDSEN. \$1,800,000,000 a year in one firm; and \$7,000,000,000, while it is a lot of money, this was only in one place; so if you would look at the country and see how you could spread it out, it does not amount to anything—I mean quantitatively; and if it is protection we are looking for, then you can go just as far as you like, as far as I am concerned. I am no financial expert, and whether it is too much or too little depends entirely upon what happens from now on.

Senator OVERTON. That answers that.

Senator BYRNES. I am glad to get that viewpoint. It answers it. It is very difficult for a man with a salary of \$10,000 a year, and who has to spend a lot of that every time there is an election, but who has not been spending \$1,800,000,000, to get that viewpoint. It is rather comforting to hear you say it is all right. We have been thinking it was all wrong.

Mr. KNUDSEN. I say that just to show you what the potentiality of America is.

Senator BYRNES. That is all right. I am glad to hear you say that.

Senator NYE. Mr. Knudsen, are you on the Joint Defense Commission of Canada and the United States? Are you a member of that Commission?

Mr. KNUDSEN. No.

Senator BYRNES. Mayor LaGuardia is a member of it.

Senator NYE. Mayor LaGuardia and who else?

Mr. KNUDSEN. We have a liaison man on it, but I am not a member of it. I am only on one board. That is the O. P. M.

QUESTION AS TO EXTENT TO WHICH CANADIAN MANUFACTURERS ARE COMPLYING WITH BRITISH NEEDS

Senator NYE. Do you have any conversance at all, Mr. Knudsen, with how the Canadian manufacturers are complying with British needs today?

Mr. KNUDSEN. You mean their output?

Senator NYE. Yes.

Mr. KNUDSEN. I have not, but I can get it easily enough, because one of my former subordinates at General Motors is a production commissioner in Canada.

Senator NYE. I do not think that is necessary. I am trying to ascertain this: Are Canadian manufacturers having any difficulties comparable with ours in accomplishing delivery of production to Great Britain?

Mr. KNUDSEN. Surely.

Senator NYE. They have about the same problems?

Mr. KNUDSEN. Surely. They have got a little more start on it than we have. They have been at it a little longer time.

Senator NYE. Are the Canadian manufacturers being financed at all by the Canadian Government?

Mr. KNUDSEN. I do not know, but I believe so, sir.

Senator NYE. You believe they are?

Mr. KNUDSEN. I know there are Government plants being built in Canada.

Senator ADAMS. That is all, Mr. Knudsen, and we are very much obliged to you.

BUREAU OF THE BUDGET

STATEMENT OF HAROLD D. SMITH, DIRECTOR OF THE BUREAU OF THE BUDGET

Senator ADAMS. All right, Mr. Smith.

Mr. SMITH. Mr. Chairman, I wonder if you are ready now to go down to the details?

Senator ADAMS. Yes. That is the reason, Mr. Smith, we called you; you being Budget Director.

I think more of these lines converge into Mr. Smith's mind and in his hands than is true of anybody else, and that he is better able to explain the various categories and the amount in this bill than anyone else. So we have asked him to come prepared to give us the information and to bring with him or to send for any others that he might need, without specifying them. Mr. Smith, as we have said to other witnesses, you may have the stenographer omit anything that you think should not be on the record.

Senator OVERTON. I am wondering whether Mr. Smith would prefer to make a general statement first before we proceed to question him?

Senator ADAMS. That is up to him. I do not know.

Senator OVERTON. Personally I would prefer it. I imagine from the statement he is to make that he would rather make a succinct statement on it first without interruption. What is your preference, Mr. Smith?

Mr. SMITH. Mr. Chairman, I think I have covered the manner in which this estimate was processed pretty thoroughly in the general statement in the House proceedings, and I am inclined to think it might be better to go into the details of the estimate, and we can try to answer any general questions you may have as we go along.

Senator ADAMS. All right, you may pursue that course.

NO FUNDS IN BILL FOR PURPOSE OF ACQUIRING PLANTS IN UNITED STATES OWNED BY A BRITISH CORPORATION OR BY AN AMERICAN CORPORATION WHOSE STOCK IS OWNED BY BRITISH SUBJECTS

Senator BYRNES. I should like to ask, on the record, whether or not this bill carries any amount of money to take over the plants in this country owned by a British corporation or by an American corporation whose stock is owned by British subjects?

Mr. SMITH. There is no money in this bill for that purpose.

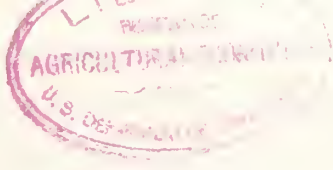
NO FUNDS IN BILL TO PAY FOR OUTSTANDING BRITISH ORDERS IN THE UNITED STATES

Senator RUSSELL. None of the funds that are appropriated by this bill are to be used in payment of any of the British orders in this country that are now outstanding, which you state amount to approximately \$2,700,000,000?

Mr. SMITH. None whatever.

(A discussion followed off the record.)

(Whereupon, at 12:20 p. m., the hearings on H. R. 4050 were concluded, and the subcommittee remained in executive session for further consideration of the bill.)



Calendar No. 144

77TH CONGRESS }
1st Session }

SENATE

{ REPORT
{ No. 135

DEFENSE AID SUPPLEMENTAL APPROPRIATION ACT, 1941

MARCH 22, 1941.—Ordered to be printed

Mr. ADAMS, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 4050]

The Committee on Appropriations to whom was referred the bill (H. R. 4050) making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes, report the same to the Senate without amendment and recommend the passage thereof.

On March 11, 1941, the President signed the bill H. R. 1776 entitled "An act to promote the defense of the United States," a copy of which is made a part of this report. To provide the necessary appropriations to carry into effect that act, The President transmitted to Congress the following Budget estimate:

[H. Doc. No. 139]

THE WHITE HOUSE,
Washington, March 12, 1941.

HON. SAM RAYBURN,
Speaker, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: This Nation has felt that it was imperative to the security of America that we encourage the democracies' heroic resistance to aggressions, by not only maintaining but also increasing the flow of material assistance from this country. Therefore, the Congress has enacted and I have signed H. R. 1776.

Through this legislation our country has determined to do its full part in creating an adequate arsenal of democracy. This great arsenal will be here in this country. It will be a bulwark of our own defense. It will be the source of the tools of defense for all democracies who are fighting to preserve themselves against aggression.

While the defense equipment produced under H. R. 1776 remains under the control of the United States until it is ready for disposition, it is the fixed policy

of this Government to make for democracies every gun, plane, and munition of war that we possibly can.

To accomplish these objectives I am transmitting an estimate in the amount of \$7,000,000,000, the details of which are set forth in the accompanying letter from the Director of the Bureau of the Budget. I strongly urge the immediate enactment of this appropriation.

Respectfully,

FRANKLIN D. ROOSEVELT.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., March 12, 1941.

The PRESIDENT,
The White House.

SIR: I have the honor to submit for your consideration an estimate of appropriation to carry out the provisions of the act entitled "An Act to Promote the Defense of the United States," approved March 11, 1941, Public, No. 11, in the amount of \$7,000,000,000, as follows:

SPECIAL DEFENSE FUND

To enable the President, through such departments or agencies of the Government as he may designate, to carry out the provisions of the Act entitled "An Act to promote the defense of the United States," approved March 11, 1941, and for each and every purpose incident to or necessary therefor there is hereby appropriated out of any money in the Treasury not otherwise appropriated:

- (a) For the procurement, by manufacture or otherwise, of defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, as follows:
- | | |
|---|--------------------|
| Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof----- | \$1, 343, 000, 000 |
| Aircraft and aeronautical material, including engines, spare parts, and accessories----- | 2, 054, 000, 000 |
| Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories----- | 362, 000, 000 |
| Vessels, ships, boats, and other watercraft, and equipage, supplies, materials, spare parts, and accessories----- | 629, 000, 000 |
| Miscellaneous military equipment, supplies, and materials----- | 260, 000, 000 |
| Facilities and equipment for the manufacture or production of defense articles, including the construction, acquisition, maintenance, and operation thereof, and the acquisition of land----- | 752, 000, 000 |
| Agricultural, industrial, and other commodities and articles----- | 1, 350, 000, 000 |
- (b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States-----
- 200, 000, 000

Provided, That not to exceed 20 per centum of any of the foregoing appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased more than 30 per centum thereby: *And provided further*, That any defense articles procured under the foregoing appropriations may be allocated by the President to any department or agency of this Government for the use of such department or agency.

- | | |
|---|--------------|
| (c) For necessary services and expenses for carrying out the purposes of said Act not specified or included in the foregoing----- | \$40,000,000 |
| (d) For administrative expenses----- | 10,000,000 |

In all \$7,000,000,000, to remain available until June 30, 1943: *Provided*, That the President may transfer from the foregoing appropriations to appropriate current appropriations of any department or agency amounts equivalent to the value of defense articles disposed of by such department or agency to the government of any country whose defense the President deems vital to the defense of the United States, not exceeding in total \$1,300,000,000.

I recommend that the estimate be transmitted to Congress.

Very respectfully,

HAROLD D. SMITH,
Director of the Bureau of the Budget.

The committee had the benefit of the testimony of the Secretary of War, the Secretary of the Navy, the Chief of Staff of the Army, the Director General of the Office of Production Management, the Director of the Bureau of the Budget, and other officials of the Army and Navy concerned with the planning of the program. It will be noted in the printed hearing that the details relative to individual classifications of expenditures have been omitted. It was the feeling of the members of the committee and of the witnesses that the interests of all concerned would be best served by their elimination.

The appropriation of such a stupendous sum as \$7,000,000,000 in a single bill would in normal times be unjustifiable, but conditions are such in the world today that it behooves us to make every possible effort to guarantee the safety of this country whether it be by defenses at home or aid to any country whose defense the President deems vital to the defense of the United States. Congress has adopted a policy of aid to those countries whose defense is vital to the defense of the United States, and this bill provides the means to carry out the purposes of that act.

The appropriation is broken down into 10 categories and the amounts for each are based upon definite quantities of defense articles and represent the results of carefully prepared estimates by those charged with the responsibility for the success of the program.

Section 2 of the bill provides that where a defense article procured from an appropriation made prior to March 11, 1941, is disposed of under the provisions of the act entitled "An Act to promote the defense of the United States" (H. R. 1776) by any department or agency to the government of any country whose defense the President deemed vital to the defense of the United States, the President may transfer from the appropriation of \$7,000,000,000 to the appropriate appropriation of such department or agency, an amount equivalent to the value (as computed for the purposes of the \$1,300,000,000 limitation in section 3 (a) (2) of the act of March 11, 1941, referred to above) of the defense article so disposed of, but not to exceed in the aggregate \$1,300,000,000. The value of the defense articles procured from appropriations made prior to the enactment of the act of March 11, 1941, for disposal under the provisions of section 3, (a) (2) of such act shall not exceed \$1,300,000,000. Under the provisions of section 2 of this bill if the President should transfer any part of the \$7,000,000,000 to any department or agency for the purpose of replacing any article procured with funds appropriated prior to March 11, 1941, and disposed of in accordance with the provisions of the act of March 11, 1941, it would to that extent reduce the total ceiling

of aid and at the same time reduce by a similar amount the amount available for new aid.

Section 3 of the bill provides that any defense article procured from any appropriation made by this act shall be retained for use by this country whenever in the judgment of the President the defense of the United States will be best served thereby.

Section 4 provides that no part of any appropriation shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence.

APPENDIX

[PUBLIC LAW 11—77TH CONGRESS]

[CHAPTER 11—1ST SESSION]

[H. R. 1776]

AN ACT Further to promote the defense of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States".

SEC. 2. As used in this Act—

(a) The term "defense article" means—

- (1) Any weapon, munition, aircraft, vessel, or boat;
- (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
- (3) Any component material or part of or equipment for any article described in this subsection;
- (4) Any agricultural, industrial, or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

SEC. 3. (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the

extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of conveying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

SEC. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

SEC. 5. (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 6. (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

SEC. 7. The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or informa-

tion which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

SEC. 8. The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

SEC. 9. The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

SEC. 10. Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

SEC. 11. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941.

○

Calendar No. 144

77TH CONGRESS
1ST SESSION

H. R. 4050

[Report No. 135]

IN THE SENATE OF THE UNITED STATES

MARCH 19, 1941

Received from the House of Representatives by the Secretary of the Senate,
under the order of the Senate of March 17, 1941, and referred to the Com-
mittee on Appropriations

MARCH 22, 1941

Reported, under authority of the order of the Senate of March 20, 1941, by
Mr. ADAMS, without amendment

AN ACT

Making supplemental appropriations for the national defense to
provide aid to the government of any country whose defense
the President deems vital to the defense of the United States,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That to enable the President, through such departments or
4 agencies of the Government as he may designate, to carry
5 out the provisions of An Act to Promote the Defense of
6 the United States, approved March 11, 1941, and for each

1 and every purpose incident to or necessary therefor, there
2 is hereby appropriated, out of any money in the Treasury
3 not otherwise appropriated, the following sums for the fol-
4 lowing respective purposes, namely:

5 (a) For the procurement, by manufacture or otherwise,
6 of defense articles for the government of any country whose
7 defense the President deems vital to the defense of the
8 United States, including services and expenses in connection
9 therewith, as follows:

10 (1) Ordnance and ordnance stores, supplies, spare
11 parts, and materials, including armor and ammunition and
12 components thereof, \$1,343,000,000.

13 (2) Aircraft and aeronautical material, including en-
14 gines, spare parts, and accessories, \$2,054,000,000.

15 (3) Tanks, armored cars, automobiles, trucks, and other
16 automotive vehicles, spare parts, and accessories, \$362,-
17 000,000.

18 (4) Vessels, ships, boats, and other watercraft, and
19 equipage, supplies, materials, spare parts, and accessories,
20 \$629,000,000.

21 (5) Miscellaneous military equipment, supplies, and
22 materials, \$260,000,000.

23 (6) Facilities and equipment, for the manufacture or
24 production of defense articles, by construction or acquisition,

1 including the acquisition of land, and the maintenance
2 and operation of such facilities and equipment, \$752,000,000.

3 (7) Agricultural, industrial, and other commodities and
4 articles, \$1,350,000,000.

5 (b) For testing, inspecting, proving, repairing, outfit-
6 ting, reconditioning, or otherwise placing in good working
7 order any defense articles for the government of any country
8 whose defense the President deems vital to the defense of
9 the United States, including services and expenses in con-
10 nection therewith, \$200,000,000.

11 (c) Not to exceed 20 per centum of any of the fore-
12 going eight appropriations may be transferred by the Pres-
13 ident to any other such appropriation, but no appropriation
14 shall be increased by more than 30 per centum.

15 (d) For necessary services and expenses for carrying
16 out the purposes of such Act not specified or included in the
17 foregoing, \$40,000,000.

18 (e) For administrative expenses, \$10,000,000.

19 (f) In all, \$7,000,000,000, to remain available until
20 June 30, 1943.

21 SEC. 2. If any defense article procured from an appro-
22 priation made before March 11, 1941, is disposed of, under
23 such Act of March 11, 1941, by any department or agency
24 to the government of any country whose defense the Presi-

1 dent deemed vital to the defense of the United States, the
2 President may transfer, from the appropriations made by
3 this Act to the appropriate appropriation of such depart-
4 ment or agency, an amount equivalent to the value (as
5 computed for the purposes of the \$1,300,000,000 limitation
6 contained in section 3 (a) (2) of such Act of March 11,
7 1941) of the defense article so disposed of, but not to exceed
8 in the aggregate \$1,300,000,000.

9 SEC. 3. Any defense article procured from an appropria-
10 tion made by this Act shall be retained by or transferred to
11 and for the use of such department or agency of the United
12 States as the President may determine, in lieu of being dis-
13 posed of to a foreign government, whenever in the judgment
14 of the President the defense of the United States will be
15 best served thereby.

16 SEC. 4. No part of any appropriation contained in this
17 Act shall be used to pay the salary or wages of any person
18 who advocates, or who is a member of an organization
19 that advocates, the overthrow of the Government of the
20 United States by force or violence: *Provided*, That for the
21 purposes hereof an affidavit shall be considered prima facie
22 evidence that the person making the affidavit does not
23 advocate, and is not a member of an organization that
24 advocates, the overthrow of the Government of the United
25 States by force or violence: *Provided further*, That any

1 person who advocates, or who is a member of an organization
2 that advocates, the overthrow of the Government of the
3 United States by force or violence and accepts employment
4 the salary or wages for which are paid from any appropria-
5 tion in this Act shall be guilty of a felony and, upon convic-
6 tion, shall be fined not more than \$1,000 or imprisoned
7 for not more than one year, or both: *Provided further,*
8 That the above penalty clause shall be in addition to, and
9 not in substitution for, any other provisions of existing law.

10 SEC. 5. This Act may be cited as the "Defense Aid
11 Supplemental Appropriation Act, 1941."

Passed the House of Representatives March 19, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

77TH CONGRESS
1ST Session

H. R. 4050

[Report No. 135]

AN ACT

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

MARCH 19, 1941

Referred to the Committee on Appropriations

MARCH 22, 1941

Reported without amendment

land Expects Every American To Do His Duty," which appear in the Appendix.]

PLANTING OF TREES FOR SOIL CONSERVATION

[Mr. LANGER asked and obtained leave to have printed in the Record an editorial from the Divide County Farmers' Press of March 21, 1941, entitled "Saskatchewan Plants Trees," which appears in the Appendix.]

ORDER DISPENSING WITH CALL OF THE CALENDAR

The VICE PRESIDENT. The routine morning business is closed. The calendar, under rule VIII, is in order.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the call of the calendar be dispensed with.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the call of the calendar will be dispensed with.

APPROPRIATIONS FOR NATIONAL DEFENSE AND IN AID OF DEMOCRACIES

Mr. ADAMS. Mr. President, I move that the Senate proceed to the consideration of House bill 4050, a bill making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes, being more commonly known as the \$7,000,000,000 bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4050) making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes, which had been reported from the Committee on Appropriations without amendment.

The bill is as follows:

Be it enacted, etc., That to enable the President, through such departments or agencies of the Government as he may designate, to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,333,000,000.

(2) Aircraft and aeronautical material, including engines, spare parts, and accessories, \$2,054,000,000.

(3) Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, \$352,000,000.

(4) Vessels, ships, boats, and other watercraft, and equipment, supplies, materials, spare parts, and accessories, \$629,000,000.

(5) Miscellaneous military equipment, supplies, and materials, \$280,000,000.

(6) Facilities and equipment, for the manufacture or production of defense articles, by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$752,000,000.

(7) Agricultural, industrial, and other commodities and articles, \$1,350,000,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, \$200,000,000.

(c) Not to exceed 20 percent of any of the foregoing eight appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased by more than 30 percent.

(d) For necessary services and expenses for carrying out the purposes of such act not specified or included in the foregoing, \$40,000,000.

(e) For administrative expenses, \$10,000,000.

(f) In all, \$7,000,000,000, to remain available until June 30, 1943.

Sec. 2. If any defense article procured from an appropriation made before March 11, 1941, is disposed of, under such act of March 11, 1941, by any department or agency to the government of any country whose defense the President deemed vital to the defense of the United States, the President may transfer, from the appropriations made by this act to the appropriate appropriation of such department or agency, an amount equivalent to the value (as computed for the purposes of the \$1,300,000,000 limitation contained in section 3 (a) (2) of such act of March 11, 1941) of the defense article so disposed of, but not to exceed in the aggregate \$1,300,000,000.

Sec. 3. Any defense article procured from an appropriation made by this act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

Sec. 4. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered *prima facie* evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Sec. 5. This act may be cited as the "Defense Aid Supplemental Appropriation Act, 1941."

Mr. ADAMS. Mr. President, I am presenting this bill to the Senate under direction of the Committee on Appropriations. As a Member of the Senate, I voted against the lease-and-lend bill. I appreciate that my individual votes and opinions are of no concern, but I wish to make my position clear. I voted against the lease-and-lend bill because I thought, as I still think, that it was unsound in principle and apt to bring to my country not only danger but catastrophe and disaster. However, the Congress of the United States, in whose power rests the

making of policies, passed the bill, and I regard myself as much bound by the legal requirements of the lease-and-lend measure as are those who voted for it. Therefore, as an individual Senator and as chairman of the subcommittee of the Committee on Appropriations, I am presenting the bill now before us upon the premise that Congress having declared the principle, having laid down the policy, Congress should, and I think must, implement the lease-and-lend law by providing adequate financing.

In accordance with the recommendations of the President and the Director of the Budget, the bill provides an appropriation of \$7,000,000,000 to carry out the design of the lease-and-lend law. It also provides authority for replacing appropriations which are depleted by the provisions of the lease-and-lend law authorizing the transfer of materials covered by appropriations made prior to the enactment of that law.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ADAMS. I am glad to.

Mr. VANDENBERG. Does the \$7,000,000,000 include the one billion two or three hundred million dollar item which covers the President's privilege of transferring existing materials?

Mr. ADAMS. In my judgment, and I think I may say in the judgment of others who have been following the bill from the original conference and the bill's inception, the answer is in the affirmative; that the ceiling of the appropriation bill now before us is \$7,000,000,000. Statements have been made indicating that the \$1,300,000,000 was to be added to the seven billion, and that there was a ceiling of \$8,300,000,000 rather than seven billion. As a matter of fact, from the standpoint of the Treasury, there is no difference in the two methods. There is a difference with respect to the application of the lease-and-lend measure. That is, we have, for instance, \$4,000,000,000 of appropriations for Army and Navy purposes—I am merely using that as an illustrative figure—which existed prior to the 11th of March. Then under the pending measure we will have \$7,000,000,000. My understanding is that if from the \$4,000,000,000 we were to send abroad a billion dollars' worth of materials, then \$1,000,000,000 would be taken from the \$7,000,000,000, and the full \$4,000,000,000 would remain. Some Senators and, I know, some Members of the House have had the feeling that that would not be the case. The net result, however, would not be different, because we start with \$7,000,000,000 and \$4,000,000,000. If we take \$1,000,000,000 from the \$4,000,000,000 and make the replacement from the \$7,000,000,000, it leaves \$6,000,000,000 of the \$7,000,000,000, and then we have the same total as if we had simply added one to the other. That is, it will mean the same net result to the Treasury.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. VANDENBERG. The Senator referred to the fact that there is some disagreement, even in official circles, regarding an appropriate interpretation of

the bill. Is it not possible to make the bill say what the Senator and his colleagues think it means?

Mr. ADAMS. Mr. President, the difference arises from the use in the bill of a single word. There is the direct appropriating clauses of the \$7,000,000,000. Then there is the provision that if property or funds are taken from appropriations existing prior to the 11th of March the President may, from the \$7,000,000,000, replace the amount taken.

I have felt, and have been supported by others with whom I have conferred, that the provision was to be interpreted in a mandatory sense; that it was not discretionary. Some of the Members of the House take the position that it is so far discretionary that it would leave no obligation on the part of the President to restore from the \$7,000,000,000 any funds or property taken from appropriations made prior to March 11. Of course, the Senator from Michigan asked a simple question. If we were to change the word "may" to the word "shall" that, of course, would end any possible controversy.

Mr. VANDENBERG. This is either a \$7,000,000,000 bill or an \$8,300,000,000 bill. I do not suppose the difference is of any material moment.

Mr. ADAMS. No; I do not think it is open to the interpretation under any condition that it is an \$8,300,000,000 bill. The appropriation is \$7,000,000,000. The question arises as to what may or must be done with the \$7,000,000,000 appropriated; whether it must be used to restore funds taken from other appropriations or whether it may be used to restore funds taken from other appropriations.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. ADAMS. I yield.

Mr. BYRNES. The reason for the reimbursement section is that if from stocks on hand there should be taken and disposed of by leasing, lending, or selling \$1,000,000,000 worth of material now owned by the Army, for instance, from this fund which we are allotting for British aid there would be taken enough money to restore our Army supplies to what they were before the passage of this bill.

There is one thing to be said in connection with the language of the bill authorizing the disposition of agricultural products. If from the stock of cotton on hand 50,000 bales should be disposed of, we would not want to require the money representing the cost of such cotton to be taken out of the British aid fund, and an equal quantity of cotton to be purchased and put back in the warehouses for surplus commodities. I admit I was an advocate of this reimbursement section, because my thought was that this account should stand by itself, so that the people would know, first, what they were paying on account of the passage of the lease-lend bill, and second, so that when Army materials were used under the authority of the \$1,300,000,000 item, we should not strip our defenses, as the phrase has been used, but we should restore what we take from them. Doubt may be expressed by some Members of the House, but there is no doubt in the minds of those who will interpret this

measure that the materials of the Army or the Navy, taken from stocks on hand and used shall be replenished from funds provided by the bill now before the Senate.

But there will arise some instances of materials for which we have no immediate use, and which we do not want to replace, being taken, and therefore I doubt the wisdom of substituting language which would require such replacement when it was not necessary.

Mr. VANDENBERG. Mr. President, will the Senator from Colorado further yield?

Mr. ADAMS. I yield.

Mr. VANDENBERG. If I may have the attention of the Senator from South Carolina. His statement and explanation are completely satisfactory, if that is what the bill means.

Mr. BYRNES. Mr. President, that is what the section in question means. I suggested the inclusion of the section because I wanted the bill to show just what the British aid would cost, and also because I wanted to replace in the funds provided for the Navy and Army the amounts taken from them, and which were necessary to assure our own defense.

Mr. VANDENBERG. The Senator has referred to the fact that there has been some disagreement among Members of the House over interpretations. Would it apply to the statement which the Senator now makes?

Mr. BYRNES. I may say that on first reading there seems to be a greater conflict than will appear upon a more careful reading. The gentlemen who wrote the report of the House committee simply referred to the measure as appropriating \$7,000,000,000 plus \$1,300,000,000; and if that statement were left alone, there would appear to be an irreconcilable conflict. But in the very next paragraph the report goes on to state that there will be reimbursement, so that the amount appropriated will be \$7,000,000,000, less whatever amount is taken from Army and Navy funds, which will be reimbursed to the Army and to the Navy. Upon careful reading it will appear that there is not so great a conflict as at first appears. But there is no doubt about the intent of the bill, or about the interpretation placed upon it by the Secretary of War and the Secretary of the Navy and others who have some authority in connection with the bill.

Mr. VANDENBERG. I should like to pursue the matter further so as to be sure it is thoroughly understood. As I understand the Senator's authoritative statement, anything diverted to foreign countries out of existing military or naval facilities of the Government under the \$1,300,000,000 section of the bill will be reimbursed within the \$7,000,000,000? Is that correct?

Mr. BYRNES. That is correct, with the modification of which I advised the Senator, that in any case where it is not desirable to replace a commodity taken, the discretionary authority not to do so may be exercised. For example, if a certain amount of surplus cotton should be disposed of, and it should not be considered wise to buy more cotton to replace that which was taken, or to buy

certain stamp food of which we have a surplus, to replace the cotton which is taken, the discretionary authority not to do so may be exercised.

Mr. VANDENBERG. I completely agree with the Senator on that point. I merely wanted to be equally sure that I understood that the general purpose is to keep within the \$7,000,000,000 total.

Mr. BYRNES. The understanding of the Senator from Michigan is correct.

Mr. ADAMS. Mr. President, the bill contains 10 categories, the aggregate of which amounts to \$7,000,000,000. Those categories are deliberately lacking in detail. We were told by Cabinet officials, by the Chief of Staff, and others, that, inasmuch as the purpose of the bill is to help Great Britain; if we were to put in the bill the exact things we are to supply her, we would advertise her needs. The amount of the bill, and the amount of each of the categories are based upon confidential statements made by the British Government as to their necessities. They gave detailed statements. We are told that if the bill were to recite that there is absolute necessity for a certain type of munitions it would indicate to Britain's enemies that there is a shortage of that particular type of munitions. Therefore, as I say, the categories were deliberately drawn in general terms, lacking in details.

Very detailed statements were presented before the committee as to the items which the British Government had requested, after the various requests had been carefully gone over by the American authorities. We are told that extreme care was given to each of the categories, and that the same method was pursued as is used in making up a budget estimate for an appropriation for our own Army or Navy. The authorities went over each item, consulted the official of the Army or Navy best informed in reference to it, and then made up the groupings in the several categories. They said to us that it was unwise to have the details made public. However, they are all in typewritten form. They were read to us by representatives of the Army and Navy, and they are available under proper and safe conditions. They are not upon our records. No transcript was made of the statements, but the various items are accumulated in the hands of the Budget officer and of the several representatives from the Army and Navy.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. VANDENBERG. In view of the statement just made by the Senator regarding the necessity for a certain amount of vagueness in the language of the bill itself, it seems to me that the subsequent records become a matter of great importance in the administration of the law. I inquire whether or not a record of expenditures under the provisions of the bill, which ramifies into all the various departments of the Government, will be kept at any central point?

Mr. ADAMS. Yes. In the first place, the items making up the appropriation are accumulated in the Budget office. They have been brought there from the various sources. Those are the items

which are needed. A common purchasing department is being set up. Contracting and purchasing are being unified. The expenditures from the appropriation will in turn be recorded in a particular office.

I will say to the Senator from Michigan that the British Government has purchased or contracted in this country for about \$2,700,000,000 worth of war supplies, which are in the process of manufacture and delivery. The program which was outlined to us is that the British Government itself is not to make more contracts. It is not to spend more money, beyond the \$2,700,000,000, but all purchases for foreign use are to be made by this Government. All purchases and all contracts are to be made by the United States Government and its coordinated officials.

Mr. VANDENBERG. Mr. President, will the Senator yield for a further question?

Mr. ADAMS. I yield.

Mr. VANDENBERG. Does the committee have any information as to the nature and extent of the effort which is to be made to reimburse the Government of the United States for the \$7,000,000,000?

Mr. ADAMS. I will say to the Senator that the information on that subject which came to the committee was very vague.

Mr. VANDENBERG. And the Senator thinks the prospect of repayment is equally so?

Mr. ADAMS. I will say to the Senator that if he should have an opportunity to buy the claim, I should discount it considerably.

A certain amount of British assets is still available in this country. However, I think the estimates which were given to us indicate that not to exceed from \$200,000,000 to \$300,000,000 is available in American securities at this time, which would be applied. Every item bought for the British Government is to be charged. The charge is perfectly plain. As to the payment, I think no one can furnish assurance. Some of us are apprehensive that the British might attempt to make payment in the form of certain islands which we do not want.

Mr. VANDENBERG. Mr. President, if the Senator will permit a further question, I was not only inquiring about the possibility of cash reimbursement, but I had particularly in mind the President's statement in his original message to the Congress, when he was contemplating H. R. 1776, in which he specifically said that the things we were to furnish were to be repaid in kind at the end of the war. Is the committee advised as to whether or not the advances are to be made on the basis of contracts which contemplate return in kind, if not payment in cash?

Mr. ADAMS. The Senator will recall the phrasing of the lease-and-lend bill, which provides that the terms upon which articles are to be turned over shall be determined by the President, and that the consideration may be direct or indirect. I think the information of the committee is no more accurate and no more detailed than that. There is

the direction of the lease-and-lend bill that these things be done. The money is here being appropriated. The charges will be made against the British Government; and I apprehend that the British Government will have the same question to answer that we shall have to answer before long, and that is, What shall we use for money?

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BYRNES. Let me say in response to the question of the Senator from Michigan that one witness before the committee stated that in the conferences in the executive branch of the Government there was no discussion of making a gift, but that it was contemplated that there would be some contract of some kind in connection with the disposition of property under the terms of the bill.

Mr. VANDENBERG. I thank the Senator from South Carolina for that reassurance. I should like to ask a further question.

With considerable emphasis and enthusiasm the so-called Byrd amendment was added to H. R. 1776, for the purpose of leaving the control of the purse strings in Congress, as it was stated. What becomes of the Byrd amendment under this appropriation bill?

Mr. ADAMS. The Senator from Virginia is present. Perhaps he can give us a more detailed explanation.

Mr. BYRD. Mr. President, I do not think the pending bill affects the so-called Byrd amendment. The Byrd amendment simply provided that all funds for the purpose of H. R. 1776 should be specifically appropriated for that purpose, and that no future defense appropriations for the security of our own country should be diverted for the purposes of H. R. 1776. As I see it, the bill now pending in no way changes the purpose or intent of that amendment.

Mr. VANDENBERG. Does the Senator from Virginia mean that the purpose of his amendment, as stated to us at the time, namely, to require specific appropriations, is met by the terms of the pending bill?

Mr. BYRD. It depends upon what the Senator means by specific appropriations. The appropriations are specific in the sense that they are for the purposes of H. R. 1776.

Mr. VANDENBERG. Is that what the Senator meant when he presented his amendment?

Mr. BYRD. I think the Senator from Virginia understood that any appropriation for the aid of Great Britain would not specify so many airplanes or so many tanks. I think the Senator from Michigan will probably agree with me that it is not practical to do so. What the Senator from Virginia was attempting to do was to require the President not to use any appropriations made for the defense of this country for the purposes of H. R. 1776.

Mr. VANDENBERG. And that purpose is in no way impinged upon by the pending bill?

Mr. BYRD. It would be in no way impaired by the passage of the pending bill.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. ADAMS. I yield to the Senator from South Carolina.

Mr. BYRNES. Let me say to the Senator from Michigan, supplementing the statement of the Senator from Virginia, that what the Senator from Virginia was aiming at in his amendment is well illustrated by the recent action of the House when it passed a supplemental appropriation bill for a very large amount of money. No part of that appropriation can be used to supplement the appropriation contained in the pending bill. The only way in which it could be done would be for the Congress hereafter to give specific authority to use not exceeding 5 percent, or 10 percent, or 15 percent of the appropriation in the way indicated. The Byrd amendment requires the Congress to take affirmative action permitting the use of the money; and the bill which has just passed the House is the best illustration of the operation of the Byrd amendment.

Mr. TAFT rose.

Mr. ADAMS. Mr. President, does the Senator from Ohio desire to ask me a question?

Mr. TAFT. Mr. President, I merely desire to ask the Senator from Colorado whether the fact that this appropriation is for more than 2 years, and that once we make the appropriation we abandon any right to do anything about it next year, is not a violation of the original purpose of the Byrd amendment that we should keep the purse strings in the hands of Congress.

So far as I know, we never appropriate for our Army or our Navy for more than 1 year, because we want to control the purse strings; we want to control the appropriations next year; and I desire to ask whether by this appropriation, which will extend for 2 years and a quarter, we shall not be waiving control over the purse strings to the extent that we ought to have it during the fiscal year 1943.

Mr. ADAMS. Of course the Senator knows that we are constitutionally forbidden to make appropriations for the Army extending beyond 2 years. There is no such limitation as to the Navy. I think it is fair to say that when the Constitution was drawn those who sat in the Constitutional Convention had no conception of the fact that we would be appropriating money to buy material for a foreign government.

Mr. TAFT. Does the Senator think that in appropriating for 2 years and 3 months—an appropriation which may be diverted to the United States Army—we are complying with the constitutional 2-year limitation?

Mr. ADAMS. The Senator from Colorado must ask to be excused from answering that question.

Mr. President, the Senator from Michigan and also the Senator from Ohio have mentioned the congressional control of the purse. The Congress has the power to control the purse—a most valuable power. That power in these days has been very little exercised. This particular bill is a very clear illustration of

that fact. Congress, under the lease-and-loan bill, having delegated certain powers, having laid down certain policies which in themselves are necessarily vague, the President and his Army and Navy specialists say that it will take so much in material and so much in money to meet the obligations which we have assumed under the lease-and-loan bill; and we are now faced with a \$7,000,000,000 request. Congress has the power to fix the amount; but I say to the Members of the Senate that it is impossible for any Senator to say with any feeling of certainty that the amount ought to be seven billion dollars, seven and a half billion dollars, six billion dollars, or six and a half billion dollars. We do not have the machinery to enable us to ascertain the necessary amount. We were driven to accept the estimates of the executive department. So, as a practical matter, while the power of the purse is in the Congress, the actual exercise of it has been in the executive department.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. ADAMS. I yield to the Senator from Connecticut.

Mr. DANAHER. So far as the information of the Senator goes, is any part of this fund to be used to pay for orders previously placed in this country by a country whose defense is deemed vital to ours?

Mr. ADAMS. I will say to the Senator from Connecticut that there is no indication that that is the case, and I think very clearly that is not the intention, except, as the Senator knows, that under one section of the act Congress may turn over equipment to the extent of \$1,300,000,000, and out of this \$7,000,000,000 may replace that amount. It may be said that in one sense, by replacing the funds, we would be making the payment.

Mr. DANAHER. I thank the Senator.

Mr. ADAMS. Mr. President, that, in substance, covers the statement as to this bill.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Colorado one further question?

Mr. ADAMS. Certainly.

Mr. VANDENBERG. Is the committee satisfied that \$7,000,000,000 is the total requirement for the life of H. R. 1776?

Mr. ADAMS. The Senator from Colorado cannot answer for the committee. For himself he is very fearful that that is not the case.

Mr. VANDENBERG. Was there any testimony before the committee which would seem to be in contemplation of additional appropriations under H. R. 1776?

Mr. ADAMS. No; except in the one respect that the representations of the British Government as to their needs were in excess of the amount included in the bill; and the needs to be covered by the bill are those of the British Government only. The Senator knows that there has been some contemplation in the messages of the President that under the bill authority might be exercised by him in other parts of the world and in other nations. Personally, I see no escape from the necessity of appropriating

additional funds if we propose to maintain China and Greece and other countries in their fights.

Mr. VANDENBERG. In other words, the \$7,000,000,000 is confined exclusively to British needs?

Mr. ADAMS. It was based on statements of British needs. I will say to the Senator that the British may have included in their needs the fact that they were supplying material to Greece. How far their needs may have included the fact that they were contemplating supplying material to Turkey or to some other country I do not know, and neither does the committee.

Mr. VANDENBERG. But, speaking generally, if there is to be any expansion of this aid to other countries beyond the British request, appropriations beyond \$7,000,000,000 will be required?

Mr. BYRNES. Mr. President, will the Senator from Colorado yield to me?

Mr. ADAMS. I am very glad to do so.

Mr. BYRNES. As the Senator from Colorado has said, the testimony was that requests were presented in excess of the amount of this bill.

Mr. VANDENBERG. Is it fair to ask what the excess was?

Mr. BYRNES. I do not know whether or not the representatives of the departments requested that that information be eliminated from the record.

Mr. ADAMS. I think I may add that the excess was not relatively very great.

Mr. BYRNES. But I will say to the Senator from Michigan that the testimony before the committee was that the representatives of our Army and Navy went over the estimates as they would go over requests from the field officials of the United States Army, and that they used their judgment upon them as to the necessities; and, further, that by reason of the consolidation of production they determined that it would be possible to produce these materials for a smaller amount than it was anticipated would have been necessary if the British themselves had placed the orders in this country. So several factors entered into the conclusion of the departmental officials that this amount would be sufficient; but there is no statement in the record that this amount will be used exclusively for Great Britain, and under no circumstances will be used for Greece. There is in the record no positive statement one way or the other as to that.

Mr. VANDENBERG. Is it the Senator's understanding from the testimony before the committee that the estimates upon which this appropriation is based are exclusively British?

Mr. BYRNES. The estimates were made—

Mr. ADAMS. Mr. President, if the Senator will permit me a second, let me say that the Senator from Illinois [Mr. Brooks] asked some questions of Secretary Stimson along that line which appear on page 13 of the Senate committee hearings. The Secretary's statement in substance was that they did have in contemplation the possible necessities of some other countries, particularly the Greek Government, and have had some conferences with the representatives of

other governments. It was not definite at all, but their needs were considered.

Mr. VANDENBERG. Is the Senator now saying that they were considered within the \$7,000,000,000 or that they are now being contemplated outside the \$7,000,000,000?

Mr. ADAMS. Within the \$7,000,000,000. The point is, that, as the Senator knows very well, there is some difficulty in contemplating an exact stopping point; that is, once the United States Government has entered into a program of maintaining the democracies of Europe, it cannot very well say, "Now we are going in for \$7,000,000,000, and, if that is not enough, we are going to quit."

Mr. VANDENBERG. I quite understand that one cannot go half way over Niagara Falls and turn around and go up again.

Mr. ADAMS. Or one cannot go up to the top of a 40-story building if he decides he will stop at the twenty-sixth floor.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. McKELLAR. On page 14 of the hearings we find the Senator from Illinois [Mr. Brooks] asking questions of the Secretary of War, among which is the following:

Senator Brooks. I understand that. You cannot tell who they may be, but you do have in mind facilities for the production of necessary armament for other governments that are included in the \$7,000,000,000?

Secretary STIMSON. Yes.

I think that really answers the question, and that was the information that was given to the committee.

Mr. VANDENBERG. Of course, if the theater of war expands and our interest in our proxies expands accordingly that would be an additional obligation.

Mr. McKELLAR. That would be like the Senator's illustration of having gone over Niagara Falls and being on the way toward the bottom and then turning around and going up.

Mr. LUCAS. Mr. President, will the Senator from Colorado yield for a question?

Mr. ADAMS. I am glad to yield.

Mr. LUCAS. As I understand this bill correctly, the appropriation is based upon estimates which were submitted primarily by those who are interested in the British Empire, but, at the same time there is nothing in this appropriation which would deny the President the right to spend the \$7,000,000,000 as he might see fit. Am I correct about that?

Mr. ADAMS. Under the bill the President has the right to buy or manufacture material for any government whose defense he regards as essential to the welfare of this country.

Mr. LUCAS. In his wisdom, that might be China or it might be Greece or it might be South Africa or any other country.

Mr. ADAMS. That is correct, but, as the Senator has said, it was the British Government that brought the detailed estimates of their necessities though the representatives of some of the other governments and they were consulted. Necessarily their amounts which went into

totals were relatively small. The British problem was uppermost. As the Senator knows, on the floor of the Senate the argument for the lease-lend bill centered around the necessities of Britain.

Mr. LUCAS. That is correct, and the very reason why amounts cannot be specified is because no one can look into the future and tell what developments may take place. In other words, it might be necessary to aid some country tomorrow that we are not thinking of at this moment, and that is the real reason for the flexibility of the discretionary power.

Mr. ADAMS. I will say to the Senator in the presentation of the committee there was much detail which indicated a more accurate comprehension of the necessities than is indicated in the bill.

Mr. LUCAS. That is very informative, and I am happy to hear it.

Mr. LEE. Mr. President—

Mr. ADAMS. I yield to the Senator from Oklahoma.

Mr. LEE. I did not like the illustration used by the Senator from Michigan [Mr. VANDENBERG] that one cannot go half way over Niagara Falls and turn around and go back. That seems to have an ominous note in it, suggesting a plunge over an abyss. I would rather use the illustration of loading a cannon to half-way shoot it. You cannot load a cannon to half way shoot it. I would have in mind loading one that will not half-way shoot but will shoot a shot that will be "heard around the world." To me that more truthfully illustrates the proposal of aid to those who are fighting to defend their right to live their lives as they choose.

Mr. ADAMS. The Senator knows, as an expert in writing and speaking of English, that all illustrations are apt to be dangerous as well as inaccurate.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. WHEELER. I assume, then, that if this \$7,000,000,000 is not sufficient to load and shoot the gun, an amount that will be sufficient will be provided, whether it be another \$7,000,000,000, or \$20,000,000,000, or any other sum, if the philosophy of the Senator from Oklahoma is correct.

Mr. ADAMS. The Senator from Montana will have to discuss that with the Senator from Oklahoma.

Mr. LEE. We intend to have it big enough to do the job.

Mr. WHEELER. Whether it takes war or whether it takes anything else.

Mr. LEE. Mr. President, will the Senator from Colorado yield further?

Mr. ADAMS. I yield.

Mr. LEE. The Senator from Montana has been trying to put a declaration of war into the mouths of those of us who have been supporting aid to Britain ever since the program started; in fact, if we do not get into this war, he is going to be so disappointed that he will die politically.

Mr. WHEELER. Mr. President, let me say—

Mr. ADAMS. Before yielding, let me say that I have very carefully avoided interpretation of the bill. We have a lease-lend bill before us, however it may

be denominated. We are obligated to go on in good faith and fairness and carry out its implications, regardless of whether we approved or disapproved of the bill in its inception, and I do not think it gets us any place to attempt to characterize it as doing one thing or another; at least I am not going to do so from the standpoint of appropriations.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. WHEELER. I wish to state to the Senator that I entirely agree with him. I think that we, in good faith, ought to carry out the law, although I must confess that when we appropriate \$7,000,000,000 and turn it over to be used in any country, I suppose that there is included the great democratic Government of China. Did Chiang Kai-Shek tell the committee, or did his representative tell the committee, what that great democracy needed?

Mr. ADAMS. We have had no information from China.

Mr. WHEELER. If the Senator from Colorado will pardon me, I merely want to say to the Senator from Oklahoma, who has intimated that I might die politically if we should not get into this war, that many people for a long period of time have intimated and said that I might die politically, but I have not died yet, and anything I said—

Mr. ADAMS. Some of us are very happy to note the Senator's good health.

Mr. WHEELER. I thank the Senator. And anything I said against the lend-lease bill and anything I have said about keeping this country out of war will never kill me politically in the United States or in my State.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ADAMS. I yield to the Senator from Ohio.

Mr. TAFT. In the bill is there any specification as to the proportion of agricultural and industrial commodities within the \$1,350,000,000 limitation? I think, on the whole, the request is fairly well itemized, but it seems to me that in the case of this particular category the authority is so broad that I am interested to know whether any specification was made by those who appeared before the committee.

Mr. ADAMS. I do not believe the statement would justify being called a particularization as to that; it was rather generalized. There were particular items, but the details in that respect were not presented as they were with reference to other items.

Mr. TAFT. There was no division, then, as between agricultural commodities and industrial commodities?

Mr. ADAMS. It has been recalled to my attention that statements which were off the record showed that the word "industrial" is to be given a little more emphasis than the Senator gave it; that the officials had in mind oil and iron and certain other raw materials, as well as wheat and some other agricultural products.

Mr. TAFT. Taking that particular clause together with section 3, it really is practically a blank check for the

President to buy for any department having anything to do with defense up to \$1,350,000,000 of anything in the world that it is desired to assign to that department. Is not that the legal effect of that language, taking it in connection with the rest of the bill?

Mr. ADAMS. That is what the Congress voted in the lease-lend bill, is it not?

Mr. TAFT. I just wondered whether the appropriation was meant to carry out that authorization.

Mr. ADAMS. The Senator recalls that the term "defense article" was the premise of the lease-lend bill, and its definitions were very, very broad.

Mr. TAFT. Was there any suggestion before the committee as to whether these agricultural, industrial, and other commodities were to be bought in the United States, or bought in the Argentine or some other part of the world?

Mr. ADAMS. I do not know that I can go beyond the hope that so far as humanly possible they would be bought in the United States, though there was no declaration that I recall on that point.

Mr. TAFT. The Senator cannot give us any assurance that these agricultural commodities, for instance, will not be bought in the Argentine or Brazil or any other part of the world, even Australia, or England itself? I suppose probably they will not be bought in England, because the whole purpose is to get them more material.

Mr. ADAMS. I am not in a position to give any assurance on that subject.

Mr. LUCAS. Mr. President, will the Senator yield for one further question?

Mr. ADAMS. I yield to the Senator from Illinois.

Mr. LUCAS. The question of agricultural and industrial products has been raised, and whether or not there is sufficient testimony in the record to enable us to appropriate a billion and a half dollars for industry and agriculture. The question of the constitutionality of the appropriation has been raised, and the question of control of the purse strings also has been raised in these debates.

If any Senator wants to control the purse strings, or if he believes he is violating his oath on the question of the Constitution, or if he is not satisfied with respect to the details of the agricultural program, the only way in which he can protest is to vote against the appropriation. Is not that true?

Mr. ADAMS. No; I do not think so. We have our vocal protests, as the Senator knows.

Mr. LUCAS. I appreciate that. I have heard the vocal protests, and will probably hear more of them; but I am asking now for a sincere answer on the part of the Senator. In other words, if there is a constitutional question involved, or if one wants to hang onto the purse strings, the only way in which you can protect yourself in those convictions is to vote against the appropriation. Is not that true?

Mr. ADAMS. That is true; yes. I call the attention of the Senator from Illinois, however, to another item in the bill under this classification which is both agricultural and industrial. It was

pointed out to us that alcohol has become a very vital matter in making certain kinds of explosives, that large quantities of alcohol are being used, and I think it is not going beyond the ordinary bounds of accuracy to state that, of course, in Britain every plant—it may be an ammunition plant, an airplane factory, a powder factory, or an alcohol plant—may be bombed and destroyed. Among the things that were suggested to us as essential was alcohol, and the Senator from South Dakota [Mr. GURNEY] gave us a good deal of information on the alcohol situation. He stated that it was very vital that there be adequate supplemental alcohol supplies in this country to replace what might be a shortage, but which is not now a shortage, in Great Britain.

Mr. GEORGE. Mr. President—

Mr. ADAMS. I yield to the Senator from Georgia.

Mr. GEORGE. I merely wish to ask the Senator if the situation is not as follows: The Congress has full power over this appropriation without let or hindrance, and this branch of the Congress may do what it pleases for whatever reason it pleases; that this appropriation is made to carry into execution the so-called Lend-Lease Act.

Mr. ADAMS. Of course.

Mr. GEORGE. And under that act aid may be given when the President deems it vital in our defense, and also deems it necessary to support another government whose defense he believes to be vital in our interest, not enumerating any particular country. That is, the basic law, the organic law, does not enumerate any country—neither Great Britain, Greece, nor China—does it?

Mr. ADAMS. No. Of course, as the Senator says, the Congress has full liberty of action in that respect; and if it saw fit to place in the bill limitations as to the countries, it could do so today.

Mr. GEORGE. But the bill before the Congress does not impose any limitation whatever.

Mr. ADAMS. That is correct.

Mr. GEORGE. The whole matter is in the hands of the Senate, however, and it may place limitations if it desires to do so.

Mr. ADAMS. Undoubtedly.

Mr. GEORGE. And the so-called Byrd amendment, to which reference has been made, was intended and designed to do but one thing, and that was to require the Congress itself affirmatively to designate how much of any usual, ordinary appropriation made by the Congress for our own defense might be used to carry out and execute the purposes of the lend-lease bill.

Mr. ADAMS. That is correct.

Mr. GEORGE. It has been suggested that this bill might be unconstitutional because it authorizes the maintenance of any army for 2 years and 3 months. I apprehend that the chairman of the subcommittee is not disturbed by that suggestion, and he certainly would find no possible unconstitutionality in this bill on that ground, would he?

The Constitution, as I understand, in section 8 of article I, in granting powers to the Congress, simply authorizes the Congress to raise and support armies, but provides that "no appropriation of money

to that use shall be for a longer term than 2 years." This bill does not raise an army, does it?

Mr. ADAMS. Of course, it does not.

Mr. GEORGE. It does not say anything about troops, does it?

Mr. ADAMS. This bill relates purely to munitions and other things which tend to further, in a material way, the defense of a country.

Mr. GEORGE. So that unless a bill proposes to raise or support an army, the Congress might appropriate for more than 2 years.

The chairman of the committee said that no limitation was put upon the length of an appropriation that might be made to support the Navy. That is true, and for a very good reason. The only question that disturbed the makers of the Constitution was the danger, as many members of the convention conceived it, that lay in a large standing Army. The Navy has never in our whole history been composed of a tremendous military force. Moreover, it takes a longer time than 2 years to build a navy. Therefore, there is no 2-year restriction on maintaining a navy, nor on maintaining the post office, nor on carrying into execution any other powers given to the Congress under the Constitution. The one, single limitation is on the power to raise and support armies, and "no appropriation of money to that use"—I think that is the exact language of the Constitution—"shall be for a longer term than 2 years"; the whole purpose being to safeguard against raising a large standing Army, to get away from the militaristic idea, because those who framed our Constitution saw in a vast army, which might be appropriated for over a long period of time, a definite danger to free institutions.

So I cannot see that the chairman of the subcommittee should be in doubt about the constitutional questions involved in a bill which does not deal with troops, which does not deal with an army, which does not even deal directly with our own defense, except as our defense may be strengthened by the defense of other nations which we are authorizing the President in the bill to assist. Nor do I see how the question arises whether or not all this appropriation must be used for England or for any other country, because the organic law which is now being carried into execution places no restriction save that the expenditure must be in the defense of this country or in the defense of a country the defense of which is deemed vital to our own defense.

Of course, the Appropriations Committee may have looked into the question whether or not this \$7,000,000,000 is to be used exclusively for one country or for more than one country; but as the bill now stands it simply appropriates \$7,000,000,000, and divides it into categories for the purpose of executing the organic act, which imposes no limitation as to how much should go to Great Britain, or how much should go to Greece, or how much should go to China. In fact, it mentions no country whatever, save in general terms.

Mr. ADAMS. As a matter of fact, the phrasing of the appropriation bill does

not vary from that of the authorization act, the lease and lend act. There are no limitations in this bill that were not contained in the other one.

Mr. GEORGE. Which were not contained in the organic act?

Mr. ADAMS. Yes.

Mr. GEORGE. That is as I understand the bill.

Mr. TAFT. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. TAFT. It seems to me perfectly clear that the bill is unconstitutional. I do not think it is a vitally important matter, because it involves only 3 months of time. The Constitution provides that Congress shall have power "to raise and support armies, but no appropriation of money to that use shall be for a longer term than 2 years." The pending bill appropriates for 2 years and 3 months, for the procurement of "ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and component parts thereof." If we were appropriating that for our own Army it would clearly be an appropriation in violation of the Constitution. We appropriate it for the use of England, and then on page 4 we say, "Any defense article procured from an appropriation made by this act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine." If we can avoid the Constitution by appropriating for an army in England and then say that the President may take that appropriation and transfer it to our Army, it seems to me the Constitution means nothing.

Mr. CONNALLY. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. CONNALLY. Let me ask the Senator from Ohio whether he has any idea at all that that constitutional provision relates to the pay of the troops, rather than to their supplies.

Mr. TAFT. I think it affords money for pay of the troops, the appropriation of money for supplies, the appropriation of money for clothes, and every other feature in connection with an army. The words "raise and support" certainly include provision for food, ammunition, and everything else in addition to pay. If "to raise and support" armies includes that, then appropriations of money "to that use" certainly apply to ammunition and guns, as well as to pay of men.

Mr. BYRNES. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. If the Senator from Texas has concluded.

Mr. CONNALLY. I am through.

Mr. BYRNES. I wish only to say to the Senator from Ohio that when the lease-lend bill was before us I took the trouble to look up some of the precedents, and the position taken by the Senator from Georgia has been the position sustained by the precedents in the interpretation of that language. In addition, the Department of Justice, over a period of 50 to 75 years, on at least three occasions, through the Attorney General, has taken the position stated by the Senator from Georgia in interpreting similar language.

Mr. TAFT. Mr. President, will the Senator from Colorado yield on another question?

Mr. ADAMS. I yield.

Mr. TAFT. Did the committee consider the question whether we have the money to meet an appropriation of \$7,000,000,000, or where it is to come from? Or did the committee not consider that as within its jurisdiction?

Mr. ADAMS. The committee as a whole did not consider that question. Some members of the committee have been very much concerned. Of course, we have in the bill the customary ironical statement that "there is hereby appropriated, out of any money in the Treasury not otherwise appropriated," the various sums provided by the bill. We always include that statement, knowing that there is no money in the Treasury. It is a form which goes back for a century, I suppose. The Senator knows the answer as to where we are to get the money.

Mr. TAFT. The Senator will recall that the Secretary of the Treasury has testified before committees at this session of the Congress that, in his opinion, 60 percent of all moneys spent should be raised by taxation, and only 40 percent borrowed. I wonder whether in passing this bill we are to take that as a policy of the Government and realize that we have to raise some \$4,000,000,000 through taxes in order to comply with that general policy.

Mr. ADAMS. Let me add to the Senator's mathematics a little. Last week we passed a \$3,000,000,000 Navy bill, and earlier than that we passed two other bills which aggregated \$3,000,000,000. There is on the calendar of the Senate another bill for \$4,000,000,000. In other words, in addition to the seven billion, we have to provide in the aggregate another ten billion. So if the Senator is searching to find where we are to get the money with which to pay the \$7,000,000,000, he had better extend his search to the other ten billion, because we have that problem to meet.

Of course, the Senator knows we have been getting money from two sources, through levying taxes, to a certain extent, and borrowing. I suppose we are borrowing today \$3, perhaps \$4, for each dollar we are raising by taxation.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. CONNALLY. I do not wish to interrupt the Senator, but I desire to say a word about this particular subject.

I suggest to the Senator from Ohio that the Committee on Finance will probably bring in a tax bill before this session is over, and he will probably be just as vocal against that tax bill as he has been against the bill now before us.

Mr. TAFT. Mr. President, if the Senator will yield a moment, I think he is entirely unwarranted in that statement. I am quite willing to vote for taxes, at least for 60 percent of what we are spending. In fact, I have publicly stated that I am in favor of increasing the taxes by at least \$3,000,000,000 a year, and I think the Senator from Texas

will find that I will support any tax the Committee on Finance may report.

Mr. CONNALLY. I am glad to hear that. I deliberately made my statement in the way I presented it so as to get a recruit. I wanted to have the Senator committed to supporting the bill we are to bring in, because I rather suspect it is going to jerk some people out of their boots; and I think many of them should be jerked out of their boots.

We frequently hear the statement, "Oh, yes, I am for high taxes," but when we present the bills those making the statement say, "I am for some other kind of a tax. I am for high taxes, but I am not for this tax." I rather apprehend, in spite of all the statements of the Senator from Ohio, that when we bring the tax bill in he will have many different kinds of objections to the particular form of tax provided and will entertain illusory hopes that some other kind of a tax would be preferable and more productive. But I welcome him to the ranks. I am glad he has not waited to be drafted. I am glad he is committed to supporting very, very heavy taxes.

Let me say also, in passing, that, of course, we are all concerned about these gigantic appropriations. The Senator from Ohio asks, "Have we the money in the Treasury?" He knew the money was not in the Treasury. But we have ways of getting money into the Treasury, and if our Government in this emergency cannot raise enough money to carry out the purposes of the lease-lend law, and at the same time protect its own life and defend its own integrity and its own safety, we had better go out of business. This Nation has always found ways of protecting itself, and we are going to find them now. Of course, we are going to have to borrow some of the money we need, but we will have to raise it; and the Senator from Texas is prepared to vote for taxes and for any other measure to carry out what we have to do. I suggest to Senators who are not in favor of the lease-lend law, why do they not come out and say, "I am unconverted; I am still mad about it," instead of picking a flaw here and there? The Nation is pledged to it, and it is our duty to go ahead and carry out the law.

Mr. ADAMS. One further word, Mr. President, since the Senator has asked a question. I have studiously avoided stating on the floor of the Senate my own opinions as to what the financial consequences of these great expenditures and debts will be. I have ideas which disturb me, but I am very hopeful I am wrong, and have refrained from giving expression to my apprehensions. I should like to be able to join the Senator from Texas, but I have not been able to come to the same decision he has reached.

Mr. President, I have concluded what I desire to say on the bill.

Mr. GEORGE. Mr. President, I merely wish to say that the distinguished Senator from Ohio [Mr. TAFT] and the distinguished Senator from Texas [Mr. CONNALLY] are both members of the Finance Committee, and I apprehend both will be endeavoring to bring in a bill to carry about as heavy a burden of

taxes as the American people can well bear. I do not think there will be any lack of opportunity for any of us to endeavor to raise as much of the current expenditures of government, whether it be 40 percent or more, before this Congress adjourns.

Mr. DANAHER. Mr. President, the junior Senator from Wisconsin [Mr. WILEY] is unavoidably detained on important public business, and asked that I submit in his behalf a statement of his reasons for opposing the pending bill. In view of the pertinency of the statement of the Senator from Wisconsin to the discussion which has just preceded, I ask unanimous consent that it be printed in full in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement by Mr. WILEY is as follows:

I am voting against the pending so-called \$7,000,000,000 appropriation bill for the following reasons:

First. As a protest against the President's failure to inform Congress what steps he is taking to secure collateral security for the people for the \$7,000,000,000 of their money which will be spent and lent for Britain under the terms of the lend-lease bill.

Now that the Chief Executive has the lend-lease bill, is Congress to be regarded merely as a stepchild, unable to receive an accounting from the guardian of its trust funds? Congress did not incorporate in the lend-lease bill any requirement for collateral. I urged the adoption of such a requirement, but apparently it was regarded as unnecessary. Now the Chief Executive has an almost unlimited "blank check" power to "spend and lend," and it appears desirable to me that he should justify the trust and confidence which Congress reposed in him, by advising Congress at this time as to how he proposes to protect the people's interest in this vast sum of money.

Second. Because I believe that the appropriation is not "backed up" by a realistic tax program. In the 3 months' period since the first of the year, the House has voted, including the bills in conference and the bill now before the Senate, \$16,299,544,862.88. We are now about to vote \$7,000,000,000, and apparently the Chief Executive is relatively unconcerned about how this money is to be raised.

My second reason, then, for voting against the appropriation is that neither the Chief Executive nor Congress has had the intestinal fortitude to tell the country that this appropriation means taxation on a scale never before known to the people of this country, unless we are going to keep up the practice of putting off the day of reckoning by continued borrowing.

If the Chief Executive or the Treasury Department had recommended to Congress a tax bill—

(a) Lowering the exemptions for married and unmarried people;

(b) Increasing the tax rate;

(c) Increasing the defense tax;

(d) Appropriating to the Treasury of the United States (as Britain has) for the period of the defense emergency all the individual net incomes over a certain amount—then he would have been advancing a realistic though possibly politically inexpedient program. It would, I believe, be a more realistic program than Mr. Morgenthau's proposal to sell up to \$5,000,000,000 a year in stamps and bonds, which will further postpone the inevitable day of reckoning and which may saddle generations yet unborn with the cost of horses they never rode.

Third. Because of the utter lack of any disposition on the part of the administration

to cut down on nondefense items, I am opposed to the appropriation.

Fourth. As a protest against the laxity—yes, in some instances, criminal negligence—of the administration in handling the people's money, I am opposed to this appropriation. I am mindful of the urgency of the defense program, but I do not believe that urgency should be used as a pretext to pay exorbitant prices for everything. I do not believe that it should be used as an excuse for still further centralizing government and industrial production. That is unsound from an economic standpoint and unsafe from a military standpoint. It means that we are slowing up Government defense channels by a bottleneck in Washington bureaucracy. It means that we are jamming the gears of industry by unhealthy concentration of defense business in the East, while potential defense facilities elsewhere in the country stand partially unused or idle. In this connection we could learn and profit by some of the lessons which have been taught in Europe.

Fifth. Because the power of the Congress with reference to appropriations and other matters has become synonymous with the "must" requests or dictates of the Chief Executive, I am voting against the appropriation. This appropriation comes to Congress not with a clear-cut explanation as to how it is secured and as to how it is to be spent, but merely as a kind of Executive order.

Sixth. Billions of dollars do not grow on berry bushes. I realize that this appropriation measure will pass. I realize also that there will be further requests for billions and that Congress is likely to make these appropriations without any hesitancy, and with comparatively little thought unless the people of this country wake up and say to the Congress:

(a) Take the blinders off and get a little horse sense.

(b) We are ready to pay the freight provided you use discretion and judgment in spending the money.

(c) Providing that when you loan our funds to others you get some collateral.

(d) Providing that when you vote money, you consider how it can be raised, and that you stop playing politics and enact a tax bill which will raise enough revenue to pay the spending bill.

(e) Providing that in consideration of our tremendous defense expenditures you cut out nonessentials, that you cut down in the growth of bureaus and departments not connected with defense, and provided that you decentralize government.

I might add that I have every sympathy with the objectives which this appropriation may further. If the Chief Executive had seen fit, in presenting this measure, to assure Congress that the funds to be lent or leased under the provisions of the so-called lend-lease bill would be collateralized, and if the administration had further indicated that this appropriation measure would be followed by a realistic tax bill, I would vote for the appropriation.

Mr. BROOKS. Mr. President, I had the privilege of stating my objections to the lease-lend bill on the floor of the Senate, and I had the pleasure and the opportunity of serving on the subcommittee which heard the testimony of the various department heads. Of necessity, this appropriation, according to the testimony of the heads of our Army and Navy, leaves a great deal to discretion. The bill itself leaves much to discretion. But because of the new movement, or the new embarking of the United States on such a course, and the large amount of the appropriation, I should like to make

a statement uninterrupted for a couple of moments.

Mr. President, this, I am informed, is the largest peacetime appropriation in our country's history. It is significant, however, that it is appropriated for the creation of implements of war. It is an appropriation to carry out the purposes of a bill which we debated here recently which carried the number H. R. 1776. In answer to the Senator from Texas [Mr. CONNALLY], I may say that many of us opposed the passage of that bill. We had ample time to state our objections. I argued that it was a war bill, that it gave us an American dictatorship while opposing dictators in other countries.

I argued that it was the President's own bill, giving him the unusual powers he wanted, and those unusual powers were the first of the standard powers of every dictator.

Honorable Senators who had charge of and assisted in the passage of that legislation argued that it would not create a dictatorship, that it would not usurp the congressional powers, and, above all, that it was not a war bill but was a peace bill. Its purpose and design was to keep the war away from our shores.

The bill was passed and the President signed it so quickly that it startled even Great Britain. With equal promptness he asked for this \$7,000,000,000 appropriation. This, too, will be passed quickly, and many of the leaders of this body will be congratulated.

I shall not attempt to delay it. I will vote for it. I will do this on the express promise of the administration leaders on the floor of the Senate, on the radio, and through the press that this is a peace bill and will keep war away from our shores.

I do not, however, for one moment believe that the mere passage of the lease-lend legislation and the appropriation of this unprecedented amount of money relieves me or other Senators of the responsibility for which we were chosen to represent the people who sent us here. I wish to state to the leaders of this body who were privileged to be consulted concerning both the legislation itself and the appropriation now asked for, that they, from this moment on, assume a greater responsibility than before, for by their contact, the confidences they enjoy, and the opportunity for the use of their influence, they can help carry out and make secure the promises made to the people that war will be kept from our shores.

While I will vote for this appropriation, I shall continue to use my influence wherever it may be extended to prevent our country from becoming a voluntary, active, shooting participant in Europe's war, and I respectfully ask Senators to use their efforts constantly in their greater sphere of influence with those who, with such great power now granted, guide the destinies of our country.

I vote for this appropriation in the hope that my fears are unfounded and that we may be spared the spilling of American blood on foreign shores.

Mr. VANDENBERG. Mr. President, I wish to make a very brief statement re-

garding my attitude upon the pending \$7,000,000,000 appropriation bill. It presents a difficult challenge to one who does not believe in the general interventionist philosophy of the foreign policy upon which we have embarked, yet who equally does not believe in a divided America when once the foreign policy has been determined, if division can possibly be avoided.

When H. R. 1776 became the law of the land, this issue of foreign policy was settled. It was settled within the interpretations of H. R. 1776, as given us by its sponsors. Certainly it was settled so far as this proposed \$7,000,000,000 appropriation is concerned. The appropriation became inevitable, unless it be conceived that a wobbly Congress would sabotage its own solemn judgments in less than 3 weeks, setting us before the world as contemptible vacillators whom none would respect and certainly none would fear.

I repeat, this enormous draft upon our already hard pressed resources really was voted by the Senate at 7:10 p. m. on the evening of March 8, when H. R. 1776 passed this body by a vote of 60 to 31. It was voted by the 60, not by the 31. Indeed we shall be fortunate if this new foreign policy, which may potentially underwrite all the wars of all the world, does not cost us many times this present sum.

I opposed H. R. 1776 from start to finish. I continue to disagree with it. I favored direct credits and direct maximum material aid to Britain short of war itself, in the earnest hope that this might help to destroy ugly, sinister dictatorships, without jeopardizing our own peace and security, and I voted accordingly. I was deeply opposed to the procedure and the prospectus embraced in the lend-lease-give act, which I believed and still believe to be a needless threat to our American peace, to our own essential home defense, and to our American democratic processes.

That, however, is now ancient history and it is beyond recall. It is water over the dam. Whether we like it or not, the die is cast. Under our form of government, it is cast for our whole people—for those who opposed it no less than those who took the responsibility for its sponsorship. We now confront a condition, not a theory. The sole question is, Where do we go from here?

The sponsors of H. R. 1776, in the White House, in the Cabinet, and in both branches of Congress, insisted and reiterated that it was and is a peace measure, and our best insurance against direct involvement in wars abroad. Some were candid and realistic enough to acknowledge its far more dangerous threats and possibilities. But it ever bore the persistent label, "Aid to England short of war." It could have passed in no other guise.

Mr. President, it seems obvious to me that if there is a chance for this new foreign policy to keep us out of wars abroad, it lies in swiftly and boldly proceeding to mobilize, in behalf of our quasi Allies, the maximum material aid of which we may be humanly capable, short of war itself. Therefore, I decline to withhold any part of the material tools

which the sponsors and administrators of this new foreign policy say they need to make good upon their "short-of-war" promises and pledges to the American people. They are responsible for H. R. 1776. They are responsible for what happens under it. They are responsible to us and to America. I hope they spectacularly succeed. But if, unhappily, they fail to keep us short of actual war—which I pray may never happen—I shall be no part of their alibi or their excuse. It will not be because I joined in withholding from them any part of the material aid which they deem essential to their pacific purposes, and which they deem necessary to implement their pacific pledges.

Mr. President, I hope for substantial unity upon this score, so that we may enjoy the maximum opportunity to make H. R. 1776 achieve the precise good fortune attributed to it by its zealous friends, and so that it may make its maximum psychological impression upon those in other lands whom its consequences may affect.

Regardless of my personal views, as consistently maintained from my original opposition to the repeal of the arms embargo down to opposition to the passage of H. R. 1776, I am joining myself in this aspect to the sentiments of Stephen Decatur—

My country! May she always be right; but right or wrong, my country!

With the greatest respect for, and understanding of, those among my anti-interventionist colleagues who may conclude otherwise, and for the reasons I have given, I shall vote for the pending bill. But, Mr. President, in so doing, it seems to me that I have an added right to hold the sponsors and administrators of H. R. 1776 to strictest accountability for stopping short of actual war and stopping short of any program which would needlessly drag us into war in its active sense, because that is the pledge given to me and to every other Member of Congress and to every citizen among our people as a basis for asking for the passage of the bill. No convoys, we were told. No second A. E. F., we were told. No overt acts of war. That is the warrant given us. Senators who gave this promise to the mothers of America, and to their sons, must now keep faith. Otherwise, I shall join in renewed contest with them; and we shall battle to the finish.

With these brief observations, Mr. President, and for the reasons given, I shall reluctantly vote in favor of the pending bill, which its sponsors ever insist they intend to use to keep us out of war. I conceive that I have no alternative. I should prefer to vote for direct credits to Great Britain, as I voted 2 weeks ago, but I have no such option. It is this bill or it is a fatal division among us respecting a program which we have been promised stops short of war, and we should not divide in stopping short of war. It is this bill, or a spectacle of disunity which could easily jeopardize every aspiration of all our hearts and hopes, now that the die is cast.

I fervently hope and pray that the new foreign policy may succeed. But eternal

vigilance must watch it every hour. Let it ever be remembered that President Roosevelt was right in 1933 when he said, "Political leaders start wars, not the people." I want vindication not for myself but for those who believe that by this course we stifle dictatorship, stay out of active war, and save democracy not only for others but also for ourselves.

Mr. NYE. Mr. President, I wish I could completely share in the conclusions which have been reached by the Senator from Illinois [Mr. Brooks] and the Senator from Michigan [Mr. Vandenberg].

I have wished and tried to confine the appropriation for aid for Britain to a single year and to cut the appropriation of \$7,000,000,000 in half. It has often occurred to me that changes might quickly come which would demonstrate a need for a complete adjustment of the appropriations for aid, and that it would be a matter of wise economy to limit our appropriations so far as we could without jeopardizing the policy which was determined in the enactment of the lend-lease bill. Failure to accomplish this, and realization of the burden which we are placing upon our own people, leaves me now with but one alternative.

It will, of course, be said that a vote against the appropriation of seven thousand million American dollars to carry out the purposes of the lend-lease, aid-to-Britain, save-democracy bill—against which I cast 1 of the 32 recorded opposition votes—is a vote against democracy, against adopted governmental policy, and a vote for totalitarianism. Let there be said all that may and will be said. My vote against this appropriation is cast by one who would serve no foreign cause, but who believes that the future of America and the very life of our Republic is best served by contributing to a denial of our blood and our wealth to that wasteful, futile cause that is war in Europe.

However much I wish to see the cause of totalitarianism destroyed, however much I detest the burdens which causes in Europe are bringing to the world, I do not believe those causes nearly so great a challenge to our democracy as will be our larger partnership with any cause in Europe, whatever name that cause may adopt, and our will to let our wealth be poured into the destruction that will never permit return of a penny of it.

SEVEN BILLION IS NO BAGATELLE

There is will here today to deny that \$7,000,000,000 to be given to a foreign cause is a serious threat to our strength and our economic system. There is such a will even on the part of honest and patriotic men who were most bitter in their prophecy of destruction of the Republic if we did not stop the appropriation of a billion dollars to aid the suffering and the needy, the appropriation of a few hundred thousand dollars to bolster farm income, and of \$10,000 items of aid in the agricultural appropriation bills. Of a sudden \$7,000,000,000 as a gift to other lands appears to have become a mere bit of change, a mere bagatelle.

Somehow, seven thousand million dollars still impresses me as being many more dollars than we can afford if we are at all determined to keep our own house in such order as to be inviting to a con-

tinued stay with us by that guest we profess to love—democracy.

Seven billion dollars is a lot of dollars. I remind the Senate that the gross income of American agriculture last year was less than \$7,000,000,000. Thirty percent of our total population is directly dependent upon agriculture. Would we say that the gross income of this one-third of our population is not a great deal of money? For the life of me I cannot see how we can undertake the policy of underwriting a European war with any measure of assurance of ability on our part to sustain our own system.

I HOPE POLICY WILL PROVE TO BE RIGHT

I hope that what Congress is about to do will prove to be the right thing to have done. I frankly confess that in my votes and protests against repeal of the arms embargo, against the gift of 50 destroyers, against the lend-lease bill, and now against this \$7,000,000,000 appropriation, I may have been wrong. Only jealous solicitude for the future of my own country, plus a limited knowledge of the past and the lessons of experience, guide me in these choices.

I know how easily I, along with other millions, was moved to hate and fear by propaganda back in 1916 and 1917; how I contributed to the assassination of the character of courageous men who then had stood in their places and said, "No," to the American push of that hour to war. I have observed the never-ending burdens that came as a result of our country's participation in that war, in the ever-growing debt, the destroyed balances in our economy, the heart-break at every crossroads in our land; and I remember that it was what President Roosevelt since has called the little steps and considerations short of war that took us into that war. That leadership then insisted that even the declaration of war did not really mean war, since we were to furnish only dollars for our Allies, and not men.

PRESIDENT APPROVED NEUTRALITY ACTS

With that memory I fought, when chance became mine, to the end that all of us might have a chance to see clearly what was in truth at work behind the scenes, while peace and neutrality and purpose to keep us out of war were paraded in front of the scenes, before and after the last war. I had a hand in writing the laws of neutrality, which an overwhelming majority of Congress, and the President, considered wise and essential if we were to avoid the sad mistakes of 25 years ago.

Then I saw a Congress under the leadership of the same President, as if in fulfillment of his Chautauqua prophecy, put to the test when actual war came or was threatened in Europe, and then I saw the same Congress vote to change the neutrality laws by repealing the arms-embargo feature. I voted against and fought against that repeal. At that time I heard leadership saying that the act of repeal was not a step to war, that repealing the arms embargo would never necessarily mean more than that, or lead to more than that; that they would never support any further neutrality-law

changes, such for example as to repeal the cash-and-carry features of the law.

WE GAVE FIFTY DESTROYERS

After that move of repeal I witnessed the President, who seemed to accept the embargo repeal as something of a license to go much further in aiding the same European cause that was aided by repeal of the arms embargo—I witnessed this President dispossessing our country of 50 destroyers, in flagrant violation of written law; and at that time I observed Congress, and a people, utterly opposed to our involvement in Europe's war, and greatly concerned about our own defense, accepting this action by the President as a thing we could not do anything about, at least until election time; and after the nominating conventions were over last summer, we discovered that we could not do anything about it at election time, either. Anyway, Congress had the sole power of declaring war; the President could not do that, we like to say, while all the time we knew that our foreign policy could be so conducted as to take us into war without any declaration whatever by Congress.

Then I witnessed the appeal of the President for the right himself to abandon the remainder of the neutrality laws, including the cash-and-carry features, and any other laws that might stand in the way of his giving all-out aid to Britain, all out of the wealth and resources of the American people. Three weeks ago I witnessed passage of that authority in the form of the lend-lease bill, with the aid of the votes of men who had declared they would never permit the cash-and-carry provisions to be changed. I voted against the lend-lease bill because I saw it as just one more long step toward war by a nation which was vowing it would not let itself be "taken for another ride" in Europe.

OUR DEBT BURDEN IS STRAINING OUR RESOURCES

Now comes the demand, and now here is the desire by a large majority of Congress to meet that demand, for an appropriation of seven thousand million dollars, all to be used in aid of Britain, with all of us knowing that this is only a first installment in American underwriting of another European war, with all of us quite conscious of the fact that somewhere near at hand our debt burden will reach such a point that our system, our credit, our ability to pay, will end and crack.

I know this \$7,000,000,000 appropriation is about to be voted. It will be voted by a body the majority of which today protests the possibility of any part of production resulting from these billions being delivered to Europe by American ships or conveyed there by American naval vessels through the dangerous and war-infested waters of the Atlantic. I give it as my full and honest conviction, and I am sure it is the conviction of many others, that the passage of this bill will be received by President Roosevelt as a license to go however far—without declaring war—he may find it necessary to go to accomplish delivery of this program of aid to Britain; and the larger the vote in support of this appropriation of \$7,000,000,000, then the larger will seem

to be such license to the President—and not without some reason.

For these reasons I shall vote against the pending bill; not because I will not see the justification for it, but because I cannot see the several plays which have been ours on the fringe of Europe's war as courting anything but disaster for our Republic, a Republic for whose future I will give battle with or without the oath of office to which I have subscribed. I shall vote against this \$7,000,000,000 appropriation for the further reason that at a time when our drift to war is so rapid, surely it is well that there be nothing that can be construed anywhere or by anyone as a united-front drift to war.

Mr. TAFT. Mr. President, with the greatest doubt as to whether I am right or not, I have decided to vote in favor of the pending appropriation bill. I think that ordinarily questions of policy should not affect votes on appropriations. I have voted for the support of many New Deal bureaus, the establishment of which I disapproved and which I should like discontinued. Of course, in extreme cases I think one is justified in voting against appropriations even though a policy has been established by Congress.

This bill does not, in my opinion, confer any very extensively dangerous powers beyond what the lease-lend bill and other existing legislation already confer. It does a good many unfortunate things. It does permit the repair of British ships in our ports. It does permit the purchase of materials and the transfer of them to our own departments. It does give the President a certain amount of blank-check power. I think it does authorize, let us say, the construction of the St. Lawrence waterway out of the funds appropriated by the bill. It authorizes the President, in his discretion, to give aid to any country; it authorizes him to buy material in other parts of the world. While I disapprove of these results, they were all discussed and passed on when the lease-lend bill was before Congress. None of those particular things is very likely, it seems to me, to get us directly into war.

So far as actual conveying, or the sending of American troops abroad, or the giving away of the American Navy is concerned, I do not see that the bill would add anything whatever to the existing powers of the President under the lease-lend bill and other legislation and constitutional powers.

The amount of the appropriation is certainly something that must be considered. It does not seem to me to be excessive for the purposes of the lease-lend bill. My own proposal was that we loan \$2,000,000,000 to cover the needs of Britain for a period of 1 year. I would have been glad to increase it to \$3,000,000,000 if any showing of necessity had been made.

This appropriation is for a period of two and a quarter years, or at the rate of about \$3,000,000,000 a year. I am afraid, as a good many other Senators have said, that this is merely a beginning and that we will go on to greater appropriations, but the actual amount in this bill is something that the people should

have foreseen when the lend-lease bill was passed.

What really concerns me more than anything else is the fact that we are apparently giving no thought to where this money is coming from. I am reassured by the statement of the distinguished Senator from Georgia that a tax bill will be brought in, but it is so easy to bring in first the appropriation, to spend the money first, and then decide how the money shall be obtained, that I somewhat doubt whether the proposed tax bill is going to be adequate. Up to this time the only proposal made by the administration has been to increase the debt from \$45,000,000,000 to \$65,000,000,000; in other words, to borrow the money we need. I estimate that the President in his Budget proposed an expenditure of about \$18,000,000,000. Since then we have had supplemental appropriations for at least \$4,000,000,000. If we spend three or four billion dollars of this appropriation during this year, we will reach the huge total during the next fiscal year of \$25,000,000,000, while the total receipts from taxes today are only \$9,000,000,000. If we are to follow Mr. Morgenthau's suggestion that we need to pay 60 percent of our expenses by taxes, we must levy taxes which will produce in the next fiscal year \$6,000,000,000 in addition to all the taxes we are already levying under the increased tax bills of last year.

I do not think we ought to pass this bill without facing the fact that we are apparently approaching a crisis in the exhaustion of our own financial resources. We cannot continue to incur deficits of \$15,000,000,000 a year. I was concerned when only the other day the President sent down a report of the National Resources Planning Board and, apparently the policy of the Board—and the report was sent here by the President—is, as soon as we stop borrowing money for defense to borrow money for additional public improvements. They actually gloat over the prosperity produced by the defense program. They say, "At last, we have dared to borrow the money to put men to work." If that policy is to prevail, if that is the policy behind the efforts of the administration, then it will be only a very few years before we repudiate the tremendous debt we are building up.

In appropriating this money the Senator from Texas says that I will not vote for taxes. I will vote for any taxes, and I think the taxes ought to come at the same time we vote the appropriation. I have a feeling that even today if we had to levy in taxes \$3,000,000,000 of the amount of this bill before we passed the bill, the committee would make a much greater effort to reduce the \$7,000,000,000 to some figure less than that which might meet the actual necessities of the situation.

Mr. President, I vote for the bill with great regret. I vote for it simply because I am in favor of aid to England. I was in favor of a loan to England. I want to make it perfectly clear that even today I would vote to repeal the lend-lease bill and substitute for it a British loan, as I tried to do during the consideration of that bill. In voting for this bill, I in no

way approve the policy of the lend-lease bill, but, because today I am in favor of aid to England and because I do not think this bill goes to any substantial extent beyond what the President can do under that bill and under his existing powers, I shall vote for the bill.

The VICE PRESIDENT. The bill is before the Senate and open to amendment. If there is no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and read the third time.

The VICE PRESIDENT. The bill having been read three times, the question is, Shall it pass?

Mr. NYE and Mr. BARKLEY asked for the yeas and nays.

The yeas and nays were ordered.

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Overton
Aiken	George	Pepper
Andrews	Gerry	Radcliffe
Bailey	Gillette	Reed
Ball	Glass	Reynolds
Bankhead	Green	Russell
Barbour	Gurney	Schwartz
Barkley	Hayden	Sheppard
Bilbo	Herring	Shipstead
Brewster	Hill	Smathers
Brooks	Holman	Smith
Brown	Hughes	Stewart
Bulow	Kilgore	Taft
Burton	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lee	Thomas, Utah
Byrnes	Lucas	Truman
Capper	McFarland	Tunnell
Caraway	McKellar	Tydings
Chavez	McNary	Vandenberg
Clark, Idaho	Maloney	Van Nuys
Clark, Mo.	Murdoch	Wallgren
Connally	Murray	Wheeler
Danaher	Norris	White
Davis	Nye	Willis
Downey	O'Mahoney	

The VICE PRESIDENT. Seventy-seven Senators have answered to their names. A quorum is present. The question is on the passage of the bill, on which the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BARKLEY (when Mr. CHANDLER's name was called). I announce that my colleague [Mr. CHANDLER] is unavoidably absent on official business. If he were present he would vote "yea."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER]. I understand that if he were present he would vote as I am about to vote. I vote "yea."

Mr. ADAMS (when the name of Mr. JOHNSON of Colorado was called). The junior Senator from Colorado [Mr. JOHNSON] has been called to his State by illness in his family. Were he present he would vote "yea."

Mr. McNARY (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. HARRISON]. I am advised that if he were present he would vote on this question as I am about to vote. I vote "yea."

Mr. THOMAS of Utah (when his name was called). I have a general pair with

the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the senior Senator from New York [Mr. WAGNER], and will vote. I vote "yea."

The roll call was concluded.

Mr. McNARY. I announce the following pairs:

The Senator from Vermont [Mr. AUSTIN], who would vote "yea," with the Senator from California [Mr. JOHNSON], who would vote "nay."

The Senator from Massachusetts [Mr. LODGE], who would vote "yea," with the Senator from Wisconsin [Mr. WILEY], who would vote "nay."

The Senator from New Hampshire [Mr. TOBEY], who is absent because of illness, is unable to obtain a pair, but if present would vote "yea."

The Senator from Vermont [Mr. AUSTIN], the Senator from California [Mr. JOHNSON], and the Senator from Massachusetts [Mr. LODGE] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on public business.

Mr. HILL. I announce that the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Mississippi [Mr. HARRISON], the Senators from Nevada [Mr. BUNKER and Mr. McCARRAN], the Senators from New York [Mr. WAGNER and Mr. MEAD], the Senator from Arkansas [Mr. MILLER], the Senator from Washington [Mr. BONE], the Senator from New Mexico [Mr. HATCH], and the Senator from Massachusetts [Mr. WALSH] are unavoidably detained from the Senate. I am advised that if present and voting these Senators would vote "yea."

The Senator from South Dakota [Mr. BULOW] has been unexpectedly called to one of the Government departments for a conference on matters pertaining to the State of South Dakota.

The result was announced—yeas 67, nays 9, as follows:

YEAS—67

Adams	George	Pepper
Aiken	Gerry	Radcliffe
Andrews	Gillette	Reed
Bailey	Glass	Reynolds
Ball	Green	Russell
Bankhead	Gurney	Schwartz
Barbour	Hayden	Sheppard
Barkley	Herring	Smathers
Bilbo	Hill	Smith
Brewster	Holman	Stewart
Brooks	Hughes	Taft
Brown	Kilgore	Thomas, Okla.
Burton	Lee	Thomas, Utah
Byrd	Lucas	Truman
Byrnes	McFarland	Tunnell
Capper	McKellar	Tydings
Caraway	McNary	Vandenberg
Chavez	Maloney	Van Nuys
Connally	Murdoch	Wallgren
Danaher	Murray	White
Davis	Norris	Willis
Downey	O'Mahoney	
Ellender	Overton	

NAYS—9

Butler	La Follette	Shipstead
Clark, Idaho	Langer	Thomas, Idaho
Clark, Mo.	Nye	Wheeler

NOT VOTING—19

Austin	Harrison	Miller
Bone	Hatch	Tobey
Bridges	Johnson, Calif.	Wagner
Bulow	Johnson, Colo.	Walsh
Bunker	Lodge	Wiley
Chandler	McCarran	
Guffey	Mead	

So the bill (H. R. 4050) was passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its

reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

FEDERAL CONTRIBUTION TO DISTRICT OF COLUMBIA EXPENSES

Mr. OVERTON. Mr. President, I move that the Senate proceed to the consideration of Senate bill 917, relating to the payment by the Federal Government toward defraying the expenses of the District of Columbia.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 917) to fix the amount of the annual payment by the United States toward defraying the expenses of the government of the District of Columbia, which was read, as follows:

Be it enacted, etc., That for the fiscal year ending June 30, 1942, and for each fiscal year thereafter, there shall be appropriated, out of any money in the Treasury not otherwise appropriated, as the annual payment of the United States toward defraying the expenses of the government of the District of Columbia, an amount which bears the same ratio to the total general fund appropriations, as contained in the regular annual District of Columbia appropriation bill for defraying the expenses of the government of the District of Columbia for such fiscal year, as the land owned by the United States in the District of Columbia on the 1st day of July of the preceding fiscal year bears to the entire land area of the District of Columbia; but in calculating such land ratio for any fiscal year, a fraction of 1 percent shall be disregarded, except that a fraction of more than one-half of 1 percent shall be counted as 1 percent.

SEC. 2. As used in this act—

(a) The term "entire land area of the District of Columbia" means the total number of acres of land within said District (44,317 acres), less the amount of such land which is permanently covered by water (5,044 acres), or 39,273 acres in all.

(b) Except as provided in section 3 of this act, the term "land owned by the United States in the District of Columbia" means the total number of acres of land owned by the United States within said District as of the 1st day of July of the preceding fiscal year exclusive of the following: (1) Any of such land embraced within the boundaries of streets, avenues, roads, and alleys; (2) 56 percent of any of such land which is embraced within the park areas of said District; and (3) any of such land used exclusively by the government of the District of Columbia.

SEC. 3. It is hereby declared that for the purposes of this act the land owned by the United States in the District of Columbia as of the 1st day of July 1940 consists of 8,322 acres, determined as follows: By deducting from the 12,831 acres of land owned by the United States (exclusive of such land devoted to highway purposes) the 4,207 acres comprising 56 percent of such land embraced within park areas, and the 302 acres of such land used exclusively by the government of the District of Columbia.

Mr. OVERTON. Mr. President, this is a bill identical with one the Senate had under consideration in 1939, on which the Senate voted on three different occasions, and which it passed, only one vote being cast against the bill and that on only one occasion.

The purpose of the bill is to fix the annual payment made by the Federal Government to the District of Columbia for the purpose of maintaining our National Capital. The bill proposes a formula which is based upon certain fixed factors, which are narrated in the bill.

Briefly, the statement of the formula is that the amount of payment shall be the same ratio that the land owned by the United States in the District of Columbia bears to the total landed area of the District of Columbia.

The land owned by the United States Government in the District of Columbia is declared to be the land owned by the United States Government with certain deductions—first, the deduction of all the areas embraced within the boundaries of streets, avenues, and alleys; second, the deduction of all land of the United States that is used exclusively by the District of Columbia; and, third, the deduction of 56 percent of the park area. The reason for deduction of 56 percent of the park area is that 56 percent represents the park area of the average city of comparable size to the city of Washington. In other words, the United States Government is credited with 56 percent and is charged with only the excess park area, which is 44 percent of the total park area.

By dividing the landed area owned by the United States Government by the total landed area in the District of Columbia, we arrive at the percentage of payment that is to be made by the Federal Government. Such percentage, figured on existing respective areas, is 21 percent. This percentage is applied to the general-fund appropriation. It is a percentage of the general-fund appropriation as contained in the annual appropriation bill, because historically the payment by the Federal Government to the District of Columbia government has usually been based on the general-fund appropriations. The general-fund appropriations include all appropriations, with the exception of certain special funds, the highway fund, which is derived from gasoline taxes and certain taxes on automobiles; and the fund derived from water rentals throughout the District; and, lastly, certain trust funds.

Applying the percentage of 21 percent to the present general-fund appropriations, as estimated by the Budget for the next fiscal year, the total contribution by the Federal Government to the District of Columbia will be \$9,389,940.

Within the comparatively last few years the Federal payment has been as high as \$9,500,000, and it has been, on the other hand, as low as \$5,000,000.

The purpose of the bill is to prevent the constant controversies which arise as to the amount of the Federal payment. The purpose is to have it so fixed by the factors of the formula that it will be self-operative and noncontroversial, so that there will be no further dispute as to the amount to be paid.

Ever since there has been a District of Columbia the Federal Government has contributed to the upkeep of the National Capital. During the period from 1790 to 1879 the payments were made as they are now made, in the form of lump-sum payments, and those payments averaged 38.7

percent of the total expenditures by the District of Columbia government.

In 1789 the Congress enacted what is known as the 50-50 plan, under which the Federal payment was 50 percent of the expenditures of the District of Columbia. In 1920 that was changed to what is known as the 40-60 plan, whereunder the Federal Government's payment was 40 percent of the general fund appropriations. Under the pending bill the Federal payment, worked out under present conditions, is 21 percent, as against 40 percent in 1920 and 50 percent from 1789 to 1920.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. OVERTON. I yield to my colleague.

Mr. ELLENDER. How much additional will it cost the Federal Government if the bill of the Senator shall be enacted?

Mr. OVERTON. It will cost less than was provided by the Congress in 1931, which was \$9,500,000.

Mr. ELLENDER. What I had in mind was with respect to the last year.

Mr. OVERTON. It will be, in round figures, \$3,300,000 more than the last payment.

Mr. ELLENDER. How will that work, let us say, with respect to the Capitol Building? Will the Capitol Building be carried as a taxable property on the rolls of the District of Columbia?

Mr. OVERTON. Oh, no. If the Senator will read the bill, he will ascertain that it is based solely on areas, and not on values.

Mr. ELLENDER. In reality, the formula will work out so that it will be on the basis of an assessment, will it not?

Mr. OVERTON. Absolutely not. The trouble with the valuation plan is that there would be as much controversy as to value as there would be in reference to a lump-sum payment. The purpose of the bill is to remove the subject entirely from the realm of controversy. Coming back to the question of the Capitol, only the land area which is covered by the Capitol would be considered.

Mr. ELLENDER. Let us say the Capitol Building covers an area of 4 acres.

Mr. OVERTON. That will be counted in.

Mr. ELLENDER. On what basis?

Mr. OVERTON. On the basis of acreage; purely land area.

Mr. ELLENDER. Would the same method be used throughout the entire District of Columbia?

Mr. OVERTON. Yes.

Mr. ELLENDER. It makes no difference what the value is?

Mr. OVERTON. It makes no difference what the value is. So any surveyor can easily determine at any moment exactly what the payment will be.

Mr. ELLENDER. I notice the newspapers recently have carried accounts of the contemplated erection of overhead roadways to ease transportation in the District of Columbia, and that the Government will be asked to contribute money for that purpose. What would happen in that connection if the pending bill were passed? Would the Government still contribute money yearly for

these additions to the District of Columbia, or what would happen in that case?

Mr. OVERTON. Of course, that would depend entirely on what the Congress should determine to do. My thought is that the Federal payment toward all strictly municipal purposes ought to be gaged and measured by a formula. Under the provisions of the pending bill, elevated highways, or skyways, would be a charge against the District government only because the cost thereof would be borne by the highway fund and the highway-fund appropriation is not a part of the general-fund appropriations.

Mr. ELLENDER. Would that occur if the bill were to be passed as it is now before the Senate? For instance, as my colleague knows, in the past couple of years the Federal Government has spent approximately \$16,000,000, or perhaps \$18,000,000, for the erection of an airport, just outside the District of Columbia, for the benefit primarily of the District of Columbia. Under this formula, would the citizens of the District of Columbia be called upon to contribute their share to such an expenditure?

Mr. OVERTON. That would depend on what my colleague and other Senators and Members of the House shall determine that the District of Columbia shall pay. We exercise exclusive authority over the District of Columbia, and the Congress now can make the District reimburse the Federal Government for every outlay in the District that it so desires.

Mr. ELLENDER. I understand the purpose of the bill is to provide a formula so that we will not have to figure out how much the Federal Government shall pay or how much the city of Washington shall pay. Will the result of this bill be that the Congress will not be obliged in the future to determine the District's contribution for such improvements as I have just indicated; that is, the airport, the building of the overhead automobile road, and so forth?

Mr. OVERTON. The contribution by the District of Columbia throughout its history has been for the upkeep of the District of Columbia, its development as a National Capital, and its beautification as such. Whether such a project as the airport, which is entirely outside the District of Columbia, would be considered as coming within such a classification I am inclined to doubt very seriously, but that is a matter which the Congress will have to determine if the question ever arises. The purpose of the bill is to take the payments which have been made for the expenses and upkeep of the National Capital by the Federal Government to the District of Columbia government, throughout the 150 years of its existence, and to remove from controversy the method of payment and the amount of payment, by establishing a fixed formula. That covers all expenditures for upkeep in the Capital, which are met out of the general fund appropriations of the District of Columbia.

Mr. ELLENDER. Permanent and otherwise?

Mr. OVERTON. Permanent and otherwise in the Capital.

I now send to the desk a perfecting amendment, which I ask to have stated.

Mar. 27



[PUBLIC LAW 23—77TH CONGRESS]

[CHAPTER 30—1ST SESSION]

[H. R. 4050]

AN ACT

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to enable the President, through such departments or agencies of the Government as he may designate, to carry out the provisions of An Act to Promote the Defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,343,000,000.

(2) Aircraft and aeronautical material, including engines, spare parts, and accessories, \$2,054,000,000.

(3) Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, \$362,000,000.

(4) Vessels, ships, boats, and other watercraft, and equipage, supplies, materials, spare parts, and accessories, \$629,000,000.

(5) Miscellaneous military equipment, supplies, and materials, \$260,000,000.

(6) Facilities and equipment, for the manufacture or production of defense articles, by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$752,000,000.

(7) Agricultural, industrial, and other commodities and articles, \$1,350,000,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, \$200,000,000.

(c) Not to exceed 20 per centum of any of the foregoing eight appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased by more than 30 per centum.

(d) For necessary services and expenses for carrying out the pur-



poses of such Act not specified or included in the foregoing, \$10,000,000.

(e) For administrative expenses, \$10,000,000.

(f) In all, \$7,000,000,000, to remain available until June 30, 1943.

SEC. 2. If any defense article procured from an appropriation made before March 11, 1941, is disposed of, under such Act of March 11, 1941, by any department or agency to the government of any country whose defense the President deemed vital to the defense of the United States, the President may transfer, from the appropriations made by this Act to the appropriate appropriation of such department or agency, an amount equivalent to the value (as computed for the purposes of the \$1,300,000,000 limitation contained in section 3 (a) (2) of such Act of March 11, 1941) of the defense article so disposed of, but not to exceed in the aggregate \$1,300,000,000.

SEC. 3. Any defense article procured from an appropriation made by this Act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

SEC. 4. No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 5. This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1941".

Approved, March 27, 1941, 10:50 a. m., E. S. T.

